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[Evidence]

HYDRO ELECTRIC INVESTIGATION

Central Ontario System

(17th)

Toronto, October, 1922

F. W. WEGENAST
Legal Adviser

J. H. W. BOWER
Secretary

W. C. COO
Official Reporter

HYDRO ELECTRIC INVESTIGATION

CENTRAL ONTARIO SYSTEM.

PARLIAMENT BUILDINGS, TORONTO,

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HYDRO ELECTRIC INQUIRY COMMISSION

PARLIAMENT BUILDINGS, TORONTO,

17th October, 1922.

CENTRAL ONTARIO SYSTEM.

PRESENT:

W. D. GREGORY,	Chairman
M. J. HANEY,	Commissioner
LLOYD HARRIS,	"
J. A. ROSS,	"
R. A. ROSS,	"

J. H. W. BOWER,	Secretary.
F. W. WEGENAST,	Legal Adviser.

SIR ADAM BECK,	Representing the Hydro-Electric Power Commission.
F. A. GABY	
W. W. POPE	

J. O. HARITY ,	Belleville.	Representing Municipalities on the Central Ontario Power System.
DR. A. A. FARWELL,	Oshawa.	
F. L. MASON,	Oshawa	
MAYOR MAHER,	Cobourg	
R. H. HICKS,	Cobourg.	
MAYOR J. O'REILLY,	Lindsay	
T. H. STINSON,	Lindsay	

THE CHAIRMAN: Gentlemen, this session of the Commission is held today in response to a letter from Mr. Stinson, dated the 19th September last, in which he says:

"Re Central Ontario System. In this matter I attended a meeting at Port Hope yesterday of a number of the municipalities who are power users of the Central Ontario System, and I was instructed by the meeting to ascertain from you the date that your Commission will be prepared to hear evidence from the municipalities interested in the Central Ontario System.

If you could fix a date some time after the middle of October it would suit the municipalities much better than an earlier date."

To that we replied that we would hear the parties desiring to appear, today, and we also caused a general advertisement to be published throughout the Central Ontario district, asking anybody who wished to make any representations to the Commission to appear today, or stating that anybody who wished to make any statement to the Commission should appear before us today.

I do not know if you have arranged between yourselves the manner in which you will present your case, if you are acting as one Association, or as different organizations. Perhaps you can tell us first, Mr. Stinson?

MR. T. H. STINSON (Lindsay): Mr. Chairman and Gentlemen, at the outset I might give you just a little resume of what has taken place, so far as the Central Ontario district is concerned.

After the inspection made by your Commission, I wrote to the larger municipalities interested in the Central Ontario district, as Secretary of the Midland Municipal Association --

THE CHAIRMAN: Mr. Stinson, perhaps you might just tell

us what constitutes the Midland Municipal Association.

MR. STINSON: The Midland Municipal Association consists practically of the municipalities in Central Ontario that are power users from the Central Ontario System. The association had its inception originally at the time that System was purchased. At the time the System was purchased the municipalities found, it being purchased by the Government, that it automatically became exempt from taxation, and it was because they were endeavouring to recover the taxes that this Association was formed.

Q--When was that, Mr. Stinson ? A--March, 1916. It was then thought to be in the interests of the middle district, in all matters that pertained to the middle district, to keep the Association alive, and it has been kept alive since that time.

I sent a letter then to the larger municipalities, the ones who had taken a live interest in the matter, calling a meeting for Port Hope to discuss matters pertaining to the Central Ontario System, so that we might be in a position to present some views to your Commission. At that meeting there was represented Port Hope, Cobourg, Peterborough, Lindsay, Bowmanville, Oshawa and Belleville, and they decided at that meeting then that we should call a meeting of all the municipalities interested, and I sent a notice then asking for a further meeting which was held at Port Hope on the 3rd of October. This is the Notice that was sent out:

"As you no doubt are aware a Commission has been appointed by the Ontario Government to investigate Hydro matters, and particularly to investigate the Central Ontario System and make some recommendation to the Government as to what disposition should be made of the Central Ontario System -- whether it should continue to be owned by the Government or passed over to the

"Hydro-Electric Power Commission for operation under the ownership of the municipalities and placed on the same basis as that on which the Western Ontario and other systems are owned and operated.

The Commission which has been appointed is also authorized to investigate any grievances any of the power users may have against the Hydro-Electric Power Commission.

There was a meeting held at Port Hope on Monday last of the larger municipalities interested in the matter, and it was decided at that meeting that all the municipalities receiving power from the Central Ontario System should be asked to send a delegate or two to a meeting to be held at Port Hope, in the Council Chamber there, on the 3rd day of October next, at ten o'clock in the forenoon, and as Secretary of the Committee appointed at the meeting on Monday last, I am sending you this notice and asking you to have one or two delegates appointed by your municipality to attend the meeting at Port Hope on the 3rd day of October next.

The Secretary of the Investigating Commission of the Hydro has asked me to have our evidence in shape to submit to that Commission not later than the 10th day of October next; so I shall be glad if every municipality will send a delegate or two to the meeting to be held at Port Hope on Monday next, in order that we can decide upon the evidence to be submitted and the stand to be taken by the municipalities, in reference to the Central Ontario System.

In addition to dealing with the power matter at the present time, it is also the intention to organise a Midland Municipal Organization for the purpose of keeping in touch with all matters that are of vital

"interest to the Central Ontario district; so it is important that every municipality be represented at the meeting at Port Hope on the 3rd day of October.

The delegates who assembled at Port Hope on Monday last were in favor of the municipalities purchasing from the Government the Central Ontario System and having it operated by the Hydro-Electric Power Commission and placed on the same basis as that on which the Western Ontario System is on at the present time.

I should appreciate it if you would advise me at once if your municipality intends to participate in the meeting to be held at Port Hope on the 3rd day of October next, and, if so, let me know the names of your delegates."

Every municipality that is a power user from the Central Ontario system got a copy of that letter. We met at Port Hope on the 3rd day of October, and there were seventeen municipalities interested at that meeting.

Q--Represented ? A--Seventeen municipalities represented, yes. Some of them had two, three or four representatives there, and the matter was discussed during the greater part of the day, and the discussion finally resulted in a Resolution being passed, which is as follows:

"MOVED by Mayor Mark of Cobourg, SECONDED by Mayor O'Reilly of Lindsay,

WHEREAS the Government of Ontario purchased the powers and property of the Electric Power Company and subsidiary companies in Central Ontario;

AND WHEREAS the property included street railway and other local utilities;

AND WHEREAS these properties are owned by the Province and are operated by the Hydro-Electric Power

"Commission of Ontario;

AND WHEREAS in Western Ontario the Hydro-Electric Power Commission has constructed, controls and operates the power properties for the municipalities and the properties are in fact owned by the municipalities;

AND WHEREAS the municipalities in Central Ontario desire to have the powers and properties in this district placed in the same position as those in Western Ontario and believe that only by this being done can the municipalities and people be justly treated;

AND WHEREAS these properties and utilities should be handed over to the Hydro-Electric Commission to be operated for the municipalities, and at a price that will make the Hydro-Electric business in Central Ontario commercially feasible and permit the local utilities to be sold direct to the municipalities at a price that will enable the municipalities to operate them on a sound commercial basis;

RESOLVED, that this meeting, representing the municipalities in the Central Ontario district, petition and urge the Government of Ontario to pass legislation for the transfer of the powers and utilities in this district owned by the Province to the Hydro-Electric Power Commission for the municipalities voting in favour of the same, in such a way that they will be the property of the said municipalities and be operated by the Hydrp-Electric Power Commission for the said municipalities as is the case in Western Ontario, and that they will be so transferred at a price and on terms that will enable the powers and utilities to be operated on a sound and satisfactory financial and commercial basis, and the local utilities to be taken over by the several municipalities at a price that will enable them to operate these

"utilities at fair charges for services and without danger of financial loss.

The said legislation to provide for a vote to be taken thereon by the municipalities after the terms and conditions for the transfer have been agreed upon between the Government and the Hydro Commission acting for the municipalities."

That Resolution was carried. All the municipalities voted for it with the exception of possibly two.

Q--Which two ? A--I think Pickering, and there was a division with the Oshawa representatives, some voting for and some against. Other than that, they all voted in favour of it.

Arising out of that, a Committee was appointed consisting of Mr. Harity of Belleville, Dr. Farwell of East Whitby, Mayor Maher of Cobourg, Mr. Hicks of Peterborough, Mr. F. L. Mason of Oshawa,- he is Reeve of Oshawa -- Mayor O'Reilly of Lindsay, and myself. The Committee had a meeting after their appointment, and discussed the situation, and we are still of the opinion that we would like to purchase the system and be placed on the same basis as the other Hydro municipalities are, if we can make satisfactory terms and conditions for that purchase.

Q--Do you mean by that, that you would like to purchase it as one body, or that each municipality, or that the different municipalities would each like to purchase their own distribution system ? A--What we would like to do is this: Each municipality would purchase its own distributing plant within its own territory, and power and transmission lines then would be purchased by the municipalities combined.

Q--Under the Hydro-Electric Power Commission?

A--Under the Hydro-Electric Power Commission.

Q--Have you formulated any detail, any plan and any prices? Have you arrived at any prices which you are prepared to pay, or will you propose to take it over at what it has cost the Government at the present time ?

A--We would not be prepared to take it over just at what it cost. That Committee was appointed for the purpose of making some investigation, and ascertaining what would be a proper basis to arrive at.

Q--Have you arrived at that basis yet ?

A--No, Mr. Chairman, we have not. If we can arrive at a basis why, of course, our position is this, that so far as Central Ontario is concerned we want to make it look attractive to the manufacturers, and if we can take the power over, own the system on a satisfactory basis so that we can supply power at a proper rate, what we believe to be a proper rate, we want to do that.

Q--You would not be prepared to take it over andpay on the basis of what it cost ?

A--Well, now, there has been some discussion, of course, with the whole Association on that question. There is the pulp mill at Campbellford, for instance. We feel, of course, that that pulp mill ought to be segregated from the rest of the system.

Q--You do not want to buy that ? A--We do not want to buy that.

Q--What about thetimber limit ?

A--Of course, the timber limit and pulp mill ought to go together. They ought to be segregated from the rest of the system, in our opinion, and disposed of. Under the Hydro Act, it never was the intention that municipalities should enter into the manufacture of pulp, for instance. That is the general feeling of the municipalities.

Q--Have you [illegible], or plan, [illegible] [illegible] you mentioned at any place which you are interested in [illegible] at all you propose to take it over or when it has been [illegible]

A--We would not be prepared to take it over just [illegible] it. [illegible] Committee was appointed for the purpose of [illegible] investigation [illegible] [illegible] basis to arrive at;

Q--Have you arrived at that basis yet ?

A--No, Sir, Chairman, we have not. If we can [illegible] a basis why, of course; our position in this, that as the Central Ontario is concerned we want to make it [illegible] attractive to the manufacturers, and if we can [illegible] [illegible] supply power at a proper rate, what we believe to be a proper rate, we want to do that.

Q--You would not be prepared to [illegible] on the basis of what it cost ?

A--Well, Sir, [illegible] [illegible] with the whole association of that question. There is the pulp mill at Temiskaming, for instance. We feel, of course, that that pulp mill ought to be [illegible] from the rest of the system.

Q--You do not want to buy that ? A--We do not want to buy that.

Q--What about the[illegible] plant ?

A--Of course, the timber plant and pulp mill ought to be together. They ought to be separated from the rest of the system, in our opinion, and disposed of. When the time comes, if ever we take it into the manufacturing of pulp, for instance, that is the general feeling of the committee.

Q--First of all, are there any other parts of the system in Central Ontario that you do not wish to take over ? What about the Street Railway ?

A--There are local utilities. There are four gas plants, I think, there is a waterworks plant, and there is the street railway at Peterborough.

The opinion of the Association is that those local utilities ought to be owned by those municipalities themselves and not in the general System.

Q--And have the municipalities expressed their desire, in any way, to take over those utilities ?

A--Well, I am of the opinion that some of the municipalities, of course, are prepared to do that, conditional upon proper terms being arranged. The one thing that I imagine it may be difficult to deal with is the Peterborough Street Railway. It represents possibly more money than any of the other local utilities.

Q--Peterborough has not announced yet at what price it would be prepared to take it over ? A--No.

Q--Has there been any negotiation on that subject with the Hydro itself ? A--In March, 1921, there was a meeting of themunicipalities held in Peterborough, in which this same matter was up. At that time we had, first of all, a preliminary meeting, and a number of the municipalities were represented. We then called a further meeting .

Q--What date was that ? A--That was in March, 1921. Then we called a further meeting, and at that further meeting we asked the Hydro Commission to send down a representative, and Mr. Ireland attended at that meeting.

Q--He is a man that is on the Hydro staff ? A--He is the manager for the Central Ontario district, in charge of the System, and he was present at that meeting.

Q--Well, are there any other parts of the system

[illegible] that you do not wish to take over ?

Not that the [illegible] ?

A--There is local utilities. There are four new plants,

I think, there is Jacksonville plant, and there is the

Grand Valley, and Leavenworth.

The column for the Association is that those local

utilities ought to be owned by some municipalities

themselves and not by the general System.

Q--Do you think the municipalities concerned could develop,

by way, [illegible] utilities ?

A--Well, I know of the position that some of the municipalities,

of course, are [illegible] to do that, considering their property

[illegible] managed. The one thing that I imagine is may

be advisable to deal with is the Waterloo Street Railway,

at Kitchener [illegible] more money than any of the other local

[illegible]

Q--Do the Commission have not considered yet at what rates [illegible] would

[illegible] take it over ? A--No.

[illegible] Q--Do you [illegible] on that [illegible] with the

[illegible] ? A--[illegible] Yes, I [illegible] there was a meeting

[illegible] in Kitchener, in which [illegible]

[illegible] not [illegible] no [illegible] at all. [illegible]

[illegible] a number of the municipalities

were represented. We then [illegible] another meeting.

Q--[illegible] was that ? A--That was in March, 1921.

[illegible] to [illegible] meeting, at which [illegible]

[illegible] we asked the Hydro Commission to meet with a

committee, and [illegible] discussed at that meeting.

Q--Is it [illegible] that is the Hydro itself ? A--No, is the

power for the Central District, in charge of the

[illegible] and is now present at this meeting.

What he told us at that meeting was this, that this System has been operating now long enough, that is, operated by the Hydro-Electric Power Commission, to satisfy them that it can be operated successfully by the municipalities, that is, that they have tried the system out to the extent now that they are satisfied we can make a success of it, and the Commission will be prepared to recommend to the municipalities to purchase.

He didn't give us any information on the question of cost, but the basis that he would recommend, as to purchase, would be on about a 40-year basis, 4 per cent bonds, if we could negotiate a deal along that line.

Q--Forty-year basis, 4 per cent bonds, given to the Government ? A--Yes.

Q--It is vested in the Government ? A--It is vested in the Government. That is, the Hydro Commission would issue their bonds to the Government for the amount that would be agreed upon, running for a period of 40 years, bearing interest at 4 per cent.

Q--What suggestion, if any, was made at that meeting as to the price at which you should take it over ?

A--That was asked Mr. Ireland by more municipalities than one, but we didn't get any information from Mr. Ireland on on that question.

Q--Did he say at what price the Hydro would recommend to take it over ? A--No, he didn't say the price at which the Hydro would recommend to take it over, but he did say this, that the price ought to be less than what it was actually purchased at. He also said that the pulp mill and timber limits should be segregated, and value placed upon them; that the local parts should be segregated from the main system, should be taken over by the municipalities.

Q--The segregation of these industries at the price

that was paid for them would not mean any reduction on the remainder ? A--Oh, no.

Q--So that your suggestion was this, that the remainder should be taken over at less than the Government had paid for that? A--Well, there was a general feeling that we might be able to make a contract with the Government at something less.

Q--Naturally, you want to get it at the lowest possible price ? A--Undoubtedly, we want to get it at the lowest possible price.

Q--Who would bear the difference between the price the Government paid for it and the price you would expect to get it at ? A--The Government. The answer I would make to that, Mr. Chairman, would be that it would have to be borne by the Government.

Q--Have you talked the matter up with the Government at all to see if they would agree to that ?

A--As far as it has gone, the negotiations with the Government, after the meeting in March, 1921, a deputation waited on the Premier and discussed the matter with him along the basis of purchase, and he heard the representations of the deputation, but the question of price wasn't gone into at that meeting. What he said was this, in substance, "We are busy with the session at the present time, but when we get through we will give this matter serious consideration", and the matter has been in abeyance since.

Q--You have submitted no definite proposal yet ?

A--We have not submitted a definite proposal yet. At that time, when we went to the Government, we were under the impression that some enabling legislation would have to be passed, and we waited on them with a view to having that passed by the legislature. Mr. Kilmer was present, and he

said he had gone into the legislation, and he was of opinion that no further legislation was necessary, that the legislation already there was sufficient to transfer the property to the municipalities.

Q--To give the Government authority?

A--To give them authority, yes. The Nipissing System, is some 300 miles away from us, and that, of course, should be segregated from the balance of the Central Ontario system, that is, if we made a purchase it ought to be purchased by themselves, outside of our district.

Q--You are aware as to the cost of the system to the Government up to the present time ? A--Yes.All the figures we have are what are here in the Hydro Act.

Q--About twelve and a half million dollars, $12,456,000 ?

A--Yes. Under Assets is shown Power Development and Hydrulic Rights, Transformer Stations and Transmission Lines, in round figures, $8,000,000.

Q--Do you propose to have a meeting of the municipalities shortly, and to make a definite proposal as to what you will do ? A--The intention of the Committee was this that we intended, at the present time, to start negotiations and see what kind of contract it would be possible for us to get, and as soon as we got some idea of a contract then we are going to call all the municipalities together and submit the basis of contract to them.

Q--Have the municipalities been consulted at all as to the developments which have been made since the Government originally bought the Central Ontario Power system ? There has been some $4,000,000 odd expended since then ?

A--Well, so far as I know, I don't think that the municipalities were consulted in connection with that matter. They have known of the development going on, but, beyond that,

and the Dominion Government [illegible]

[illegible]

legislation already there [illegible] sufficient [illegible] the

payment [illegible]

[illegible] the [illegible]

--If you take electricity, [illegible]

some 200 miles away from us, and that, of course, should be segregated from the [illegible] of the original [illegible] system, that is, if we make our proposal it ought to be purchased by themselves, outside of our district.

Q--You are aware of the cost of the system to the Government up to the present time ? A--Yes; [illegible] figures we have are what are set in the Hydro Act.

Q--About twelve and a-half million dollars, $12,500,000, [illegible]

A--Yes. Their assets, [illegible] River Development [illegible] in round figures, $9,000,000.

Q--Do you propose to have a meeting of the municipalities shortly, and to make a definite proposal as to what you will do ? A--The intention of the Committee was this that we intended, at the present time, to [illegible] and see what kind of agreement it would be possible for us to get, and as soon as we [illegible] idea of a [illegible] we [illegible] to call all the municipalities together and submit the terms of contract to them.

Q--Have the municipalities been consulted at all as to the developments which have been made since the Government originally bought the Central Ontario [illegible] has been over $1,000,000 and expended since that ?

A--Well, so far as I know, I don't think that the municipalities were consulted in connection with that [illegible] in regard to the development [illegible]

I don't think they were consulted at all.

Q--Have any of them requested that certain development be made ? A--Well, there is, at the present time, a power shortage, and the municipalities, at the present time, are anxious, of course, that further development take place.

Q--Still further development ? A--Still further development, yes. That is one of the things that the Association went on record right off the bat, that we wanted further power development.

Q--Was the Ranney Falls development completed at that time ?

A--I cannot say it was, no. The Association took no action, so far as Ranney Falls is concerned, but the Association have placed themselves on record at the present time that they want further development, that there is actually a power shortage in the Central Ontario district.

COMMISSIONER HARRIS: Q--Since Ranney Falls came in?

A--There has not been any actual shortage since that time, but the feeling is that within the next couple of years there will still be a further shortage, and we want some further development on Dams 8 and 9 on the Trent River, as early as we can get it.

THE CHAIRMAN: Q--Have you ever considered whether Niagara power should be carried down to any part of the system? A--Yes. That matter was discussed at the last meeting of the Association. The members of the west part of the system were very anxious that the Chippawa development should be carried there, on the ground that they have had an actual shortage, and that if there is a breakdown in the system they could have an interchange of power. They are very anxious that that should be done. The general feeling of the Association is that Chippawa power will be too expensive to bring there, and that we would sooner have a maximum production in our own territory first. There

is considerable power in the Central Ontario district. The feeling is that it still can be developed. There are dams 8 and 9 to be developed yet on the Trent.

Q--Where are dams 8 and 9? I know where the present power development is?

A--Dams 8 amd 9 are down by Healey's Falls.

COMMISSIONER HANEY: Below Healey's Falls, below Campbellford?

A--Yes. Well, there are dams 1 and 4 above that, some further development still can take place there, but dams 8 and 9, according to estimates made by some of the parties who know, show there is a development there of about 10,000 horsepower.

Q--In the two?

A--Yes, in the two, and possibly another 4000 or 5000 horsepower in dams 1 and 4.

THE CHAIRMAN: Q--Have you considered any storage developments?

A--The question of storage development was considered, too, by the Association, and was brought up by Mr. Harity, of Belleville, storage dams in the north part of Hastings County that could be used for storage purposes.

Q--That would help you out in the summer time?

A--That would help us out in the summer time.

MR. HANEY: Q--That would be below Campbellford, principally; that water comes in below Healey Falls?

A--Yes.

Q--You spoke about negotiating a contract. With whom do you contemplate negotiating a contract, with the Hydro or with the Government?

A--With the Ontario Government.

THE CHAIRMAN: Q--When this system was first taken over, to what extent did the Hydro Commission represent

the municipalities in the action that was taken?

A--Well, I think the only answer I could make to that would be there would be no definite representations of the municipalities in the Central Ontario district any more than this: That there was an agitation in certain municipalities in the district for power, for public ownership. Peterborough was the first one that broke away from private ownership, and got the necessary legislation for expropriating certain powers for their own purposes, and they got after the Auburn Development.

Q--That is just above the town?

A--Yes. That agitation was carried on in the district the same as in other districts of the Province, for Hydro development, but so far as I know. speaking for myself, I do not know of the Hydro making any representations to the municipalities in connection with the purchase of their own system which was purchased.

Q--You have no personal knowledge?

A--I have no personal knowledge.

Q--Was there any discussion, or any negotiation as to the taking-over, by the Hydro, of these parts other than the power development?

A--Not that I know of.

Q--Such as the street railway, the gas plants and other works?

A--Not to my knowledge.

Q--Would you have known it if there had been?

A--Well, I would know, I suppose, in a general way. I think all the municipalities know that there were some negotiations going on for the purchase of the Central Ontario power system, but as to the terms and conditions of that purchase that, of course, wasn't generally known.

Q--Were any alternative plans discussed?

A--By the municipalities?

Q--Yes?

A--No, not to my knowledge. There was never any collective meeting of the municipalities at that time. The only collective meeting that took place of the municipalities was the meeting that took place on the question of taxes.

Q--Why was the plan that was followed in Central Ontario adopted? Why didn't the municipalities take them over as they did in other parts of the Province?

A--That is something I cannot answer, Mr. Chairman, I never heard any explanation given. I really don't know that I have any further representations to make, Mr. Chairman. All the members of the Committee are here, and it is just possible that some further members of the Committee may desire to make some representations. I may say, to start out with, that we are not all a unit in connection with the purchase?

Q--That is, at the present time?

A--Yes. To start with, we were not all a unit, but I think that we have come to the point where practically we are a unit on the question of purchase, if we can negotiate the right kind of bargain. Some municipalities take this stand: We assume an obligation for a portion of the capital cost. If this property is being operated and power supplied at cost, what more can we get? The answer, of course, made by the other municipalities is: Well, that is all right, at the present time the price at which we are paying for our power is on a basis of cost plus all the charges and the sinking fund --

Q--At the present time?

A--No, but ultimately that will pay for the property, and if we are going to pay for the property then we ought to own it.

Q--You are not contributing anything to sinking fund at the present time?

A--No. The only thing that is in the statement would be the item there set up for renewals. There is a million dollars set up for renewals.

Well, now, what Mr. Ireland told us, as I recollect it, the system was being kept up, and renewals were being made and charged to operating account.

COMMISSIONER HANEY: Q--That would be in hand, not re-invested in bonds?

A--I really don't know whether it is in hand. I have no doubt about it that, in all probability, it is back in the system.

Q--That is material to know, whether it is in bonds or whether it has been re-invested for the upkeep of the system or in capital?

A--In all probability it is re-invested in the system.

Q--But you don't know?

A--No, I don't know.

COMMISSIONER R.A. ROSS: Q--Is it not used for working capital?

A--I don't know.

THE CHAIRMAN: Q--You haven't investigated into that?

A--No, we haven't. That is one of the things that we are going to investigate.

Q--Was there any understanding, at the time these plants were taken over, as to the rates that should be charged the municipalities?

A--Well, now, the only thing that I know about in that connection is this, that in the contract taking over the properties from the Electric Power Company there was a clause in the contract which stated that the Government was to respect the outstanding contracts, was to carry out their

outstanding contracts. Some inquiries, I know, were made by our municipality, and that is what we were told, that the contracts existing then would be carried out - and I think that has been the case, I know with us, in municipalities where they have outstanding contracts they have continued to pay on that basis until their contract expired, and since the expiry of their contracts they have been paying an increased rate.

Q--You are aware, are you, that there is a deficit, an accumulated deficit?

A--Yes. The statement here shows an operating deficit of $168,930.00 all told, on last year's operation $42,674.03.

Q--Have the rates been increased since then to make up this less?

A--Well, there has been an increase of rates in our district. I don't know how general that is. I know there has been an increase in Peterborough's rates since last year. Mr. Hicks, of the Peterborough Commission, is here, and Mr. Armstrong. They can give you that information, but I know there has been an increase, and I presume, in all probability, there was an increase all along the line.

Q--Is there anything in connection with the operation of the system that you wish to take up with us?

A--Well, now, that is a matter that was taken up. I pointed out to the meeting that that would be one of the important things that ought to be investigated, and I got no response to that. The majority who spoke in reference to it said we have no quarrels, so far as the operation is concerned. The City of Oshawa, for instance, said "We have no quarrel in that respect, the only quarrel we have at the present time, is, we want to be sure of more development".

Q--Has there been full cooperation between the Hydro and the Dominion Government regarding the water available for the

purpose of developing power?

A--Well, all I can answer in regard to that is just from power shortages, and paper reports, and I would say there isn't.

Q--Have you any suggestion to make in that regard?

A--Well, it seems to me that one of the things that ought to be settled is the question of ownership of surplus water, and what disposition should be made of it.

Q--That has been a matter of issue between you, has it?

A--Yes, that has been a matter of issue, and, so far as I know, is still an issue.

Q--I suppose it is a question if there is any surplus water or not?

A--Yes, that is one of the questions.

Q--Have you suffered any inconvenience through shortage of power?

A--Yes, we have suffered inconvenience through shortage of power for the last two or three years. We suffered inconvenience in the fall of 1921. A number of the manufacturers couldn't get their usual supply of power. That lasted for, I imagine, three or four weeks time, and the same thing happened this year again, only it happened very much earlier. It happened this year in July.

Q--If you had had Ranney Falls Development at that time would there have been any shortage?

A--I imagine if Ranney Falls had been in operation there wouldn't have been that shortage. The question of shortage seemed to be more a question of water supply at that time. The Fenelon Falls Development had about 500 horsepower to dispose of, and when the shortage became acute on the Central Ontario System I took it up with Fenelon Falls to see if they were prepared to sell that 500 horsepower to the Commission, and they said they were prepared to sell it

at $10.00. That would have relieved all the shortage we had in Lindsay. I took it up with Mr. Ireland then, of course. Mr. Ireland's answer was this: We are using all the water at Fenelon Falls that we are able to use at the present time. He said there isn't water enough there to give it.

Q--Was that question ever taken up with the Dominion Government to see if that was correct or not?

A--No, I cannot say that it was taken up by the municipalities. I know in the fall of 1921 the matter was taken up with the Dominion Government, then impressing it to let us have some water from some of the storage dams, for power development.

COMMISSIONER R.A. ROSS: Q--Mr. Stinson, are your rates materially lower under the present arrangement than under the private ownership that you had previously?

A- No, they are considerably higher.

Q--They are higher?

A--Yes.

Q--Were they higher on the start when you first went in, or have they been raising them since?

A--Well, now, so far as domestic lighting goes, I think the rate possibly is just the same now, or a little less than it was. It seems to me I think there was one reduction made since. So far as the power rate is concerned, I think our power rate is higher. The only thing that I can base it on is this, that one of the concerns in town, the Boving Hydraulic and Engineering Company, had a contract with the private company, which was costing them some $50.00 a month for power. That contract has expired this year, and a new contract has been entered into with the Commission, and the manager told me that it was going to be possibly twice as high, or three times as much as they had been paying.

COMMISSIONER HARRIS: Q--For the same amount of power?

A--Well, that is what I gathered from him, the same amount of power.

Q--They are probably using twice as much power?

A--No. They have just the same motors.

COMMISSIONER R.A. ROSS: Q--They were buying it from what company?

A--From the development at Fenelon Falls. The contract was with a subsidiary of the electric power company, the local light, heat and power company.

Q--This is a renewal of the old contract, for the same power?

A--This is another contract, of course, with the Hydro Commission.

Q--For the same power, from the same source, so to speak?

A--For the same power, from the same source.

Q--Now, you spoke of the scaling down of capital in connection with this matter. Provided that we accept it as right in principal, might it not be accomplished perhaps easier, or more likely to be accomplished by a lower rate of interest over a long term of years?

A--The same result would be accomplished in that way, and, in all probability, it might be an easier way.

THE CHAIRMAN: You suggest a lower rate of interest, four percent?

A--Yes.

Q--And a reduction as well?

A--Yes.

COMMISSIONER R.A. ROSS: Q--Now, why do you suggest a reduction of capital? Some say you are not likely to get Niagara power, that it would be too costly. Hydro has to handle these things without discrimination, as between different systems or different towns?

A--Yes.

A--Yes. Well, now, when I spoke of reduction of capital, it shows the system here as being valued at $12,458,000.00. Of that amount, there is the Nipissing System, of half a million dollars, that we want to segregate. There is the pulp and paper mill of half a million dollars that we want to segregate away from the system, and there are certain other parts that we want to segregate.

Q--It is merely a segregation of those amounts, and also the taking-out of the gas plants, which are not in any power system?

A--Not in any power system.

Q--That is what you mean?

A--Yes.

Q--Now, your situation there is this: You are a live community, a good manufacturing community, growing fast. When you have got dams 8 and 9 developed, what are you going to do after that?

A--The only thing we would have to look forward to then, according to the views of a member of the Association, is the St. Lawrence development.

Q--Suppose the St. Lawrence development was started to-morrow, it would take at least ten years, and it is not likely to start to-morrow?

A--The answer I would make, and the only answer I could make is, after our own Central Ontario development has taken place, that is, what can be economically developed, if there is still a shortage then it would be a question of hitching it up with the Niagara district. Outside of dams 8 and 9, and dams 1 and 4, there is the Burleigh Falls, and there is quite a large power there. I don't know what could be developed there, however.

Q--You have one disadvantage there in that whole system, which was quite apparent to me years ago. In the development

of Hydro Electric Power you usually find that you have to make a large investment, and with few units and few customers a Company usually has to look forward to lean years for the first few years, making up thereafter on the good years. Now, on your system, wherever you want additional power you have got to make a re-investment of capital in each case, which brings you back exactly to where you were at the start, so that you haven't got any of those unattractive lighter years that an ordinary company has. Your capital cost of power is exactly the same, and so on all along the line. You cannot hope for much reduction in costs, if they are made on the same basis as they are made to-day. The only hope you have for additional and cheaper power is from Niagara, I should imagine, as you say.

THE CHAIRMAN: I am not quite clear, Mr. Stinson, as to this reduction. I understood you to say, just now, to Mr. Ross, that if these utilities which you don't require to purchase, were set aside, that you would be willing to take over the remainder at the cost to the Government, if a low rate of interest were provided?

A--Yes, I think the municipalities are prepared to go that far at the present time.

Q--A four percent rate, would that be satisfactory?

A--Well, that is the rate that has been discussed, four percent on a forty year basis.

Q--Of course, that is considerably less than the Government is paying, I suppose?

A--Yes, I imagine.

Q--I don't know what the Government is paying on the original cost. They would get a lower rate then?

A--Well, they are paying on the bonds which were issued,

four percent ten year bonds.

Q--Those were issued direct to the Seymour interest, but they are due in four years?

A--Yes, they are just a ten year bond. On our basis, of course, it means a re-financing.

Q--And the Government would have to borrow the money to pay off the Seymour bonds, and, in all likelihood, would have to pay considerably more than four percent for its money, and yet you would expect them to lend it to you at less than they would have to pay?

A--Yes.

COMMISSIONER HARRIS: Q--Was any demand made by the municipalities to the Hydro, say before the Government bought these properties of the Seymour Company, or any negotiations conducted by the Hydro with the municipalities in the Central Ontario System to have them come into the Hydro?

A--No, not to my knowledge. Possibly Peterborough representatives can answer that question. They were the early municipalities in getting the Hydro development. There were no negotiations conducted, so far as Lindsay was concerned, to my knowledge.

Q--Peterborough had its own plant?

A--Yes, Peterborough had its own plant, but Peterborough has always been anxious for further development, and wants to get into a general scheme under the Hydro Act.

Q--Peterborough still has its own plant?

A--Peterborough has its own distribution plant, and gets power from the Hydro at the sub-station.

Q--What happened to the generating plant at Peterborough, Auburn?

MR. ARMSTRONG: They never owned it, we simply were distributors.

MR. STINSON: You were negotiating, and they sold before you bought?

MR. ARMSTRONG: Yes.

MR. STINSON: Yes. They were negotiating for it, and it was sold to the Seymour people before the negotiations were completed.

THE CHAIRMAN: So Peterborough never owned it?

A--No.

COMMISSIONER HARRIS: Q--Have you any opinion as to what rate the Government had to pay the Seymour people interest; that seems to be something quite unusual?

A--It might be this: I know that the Hydro were trying for some time to get a footing in the Central Ontario District, and there was a scheme on between the Hydro and the Electric Power Company. As a matter of fact, the Hydro wasn't in?

A--No, but they were very anxious to come in, and I think possibly the difficulty arose in regard to getting power rights on the Trent. That is, if there were two concerns operating on the Trent it would be natural to expect more or less trouble, and the Hydro were not able to get any power development on it. I don't know how far that goes.

Q--That is just a supposition on your part?

A--Yes.

COMMISSIONER R.A. ROSS: Q--Do you think the Dominion Government were mixed up in it?

A--I have always felt that the Dominion Government didn't want any more than the one development on the river. It seemed to me it would be only natural to expect that would be the result, to keep out of trouble,

and, so far as I know, that strikes me as being the basis upon which the negotiations took place for purchase.

I remember a plan being filed for the expropriation of some of those powers, and I remember the newspaper controversy, stating that the plan had been filed.

COMMISSIONER HARRIS: Q--But the municipalities were not consulted either by the Government or by the Hydro?

A--Not collectively, not as municipalities, not to my knowledge.

Q--And they just went ahead off their own bat and arranged to buy the Seymour interests for $8,350,000.00, and that purchase was made by the Government?

A--The contract is with the Government, I know that.

Q--And the Government paid the money?

A--The Government paid the money.

Q--So that this is not under the Hydro Act, in any sense?

A--Oh, no.

Q--The Ontario Government comes in and makes this purchase?

A--Yes, s

Q--And then they turn it over to the Hydro to operate?

A--They turn it over to the Hydro to operate, yes.

Q--Of course, it is very difficult to understand why that bargain was made, and why that purchase was made?

A--I really cannot help you on that, Mr. Commissioner, because I have no information, any more than the question of supposition -

THE CHAIRMAN: Q--What is the supposition?

A--No more than just what I have already said, Mr. Chairman, that the Hydro had difficulty getting a foothold in the

Central Ontario District, by reason of the electric power company holding in control the greater number of powers there.

COMMISSIONER HARRIS: Q--Why didn't the Hydro Electric Power Commission go to the municipalities and arrange with them to get them to go into a Hydro unit for that district, and then make their arrangements with them, and put them on the same basis as all the other municipalities that come under the Hydro Act?

A--I really don't know why that was done. That is what you would naturally expect would be the result, the natural course to pursue, and I don't know why it was not pursued.

Q--Are you satisfied, generally, with the price you are getting under Hydro operation?

A--Well, in comparison, of course, with what is being paid elsewhere. The rates are higher but, of course, they are generally higher all over.

Q--What do you pay in Lindsay, for instance?

A--Well, now, I think it works out on the basis of $25.00 a horsepower.

Q--To the municipality?

A--No, to the consumer.

Q--What is the rate to the municipality, do you know?

A--Well, you see, we haven't got a contract because we don't own our distributing plant. We are just a customer. The Town of Lindsay, you see, is simply a customer of the Central Ontario Power System. The municipalities in the system that own their distributing plant have a contract with the Commission to supply power at the station at so much per horsepower, but, as I say, we don't own our distributing plant, we are just a

customer, and they charge us on the regular rate.

Q--Your distributing plant was part of the electric power company's assets?

A--Yes.

Q--So that the Government now own your distributing plant?

A--The Government now own our distributing plant, and we are only a customer, so we have no power rate. It is just whatever is fixed by the various municipalities, and various persons who take power.

Q--Is that the case in most other municipalities?

A--That is the case with all but eleven. There are eleven that have contracts, Bloomfield, Havelock, Lakefield, Marmora, Norwood, Peterborough, Picton, Wellington and Whitby. These people or municipalities have their own distributing plants, and have a contract with the Commission for power at so much per horsepower, and they do their own distributing.

Q--You have no liabilities at all in connection with it?

A--Not a dollar.

Q--Quite a happy position, isn't it?

A--Yes, and we would be more than content to stay there if we were absolutely sure that, after the plant is paid for, they would continue to give us power at cost. But that is the point, we have no guarantee that that condition will continue, and that is the reason we want to own it.

Q--It never can be paid for if you are not going to provide sinking fund?

A--Of course, sinking fund will eventually have to be provided for; Under the Hydro Act, there is no sinking fund provided for for the first five or ten years, and they have been treating this system, I suppose, on the same basis.

Q--But you are not under the Hydro Act?

A--We are not under the Hydro Act.

Q--You are under the Government?

A--We are under the Government.

Q--Why should the Government do that for the Central Ontario System when they won't do it for Brantford?

A--That is just our point, that there shouldn't be one principle for one part of the province and another principle for another part of the province. If the principle, or the basis, under the Hydro Act, is right for the west, and the other systems, then it ought to be right for the Central Ontario System, and you should come under the Act the same as the West.

THE CHAIRMAN: Q--And you are quite satisfied to do so?

A--We are quite satisfied to do so if we can negotiate a fair bargain.

COMMISSIONER HARRIS: Q--Did the Hydro approve of the Government taking over these properties?

A--I don't know as to that.

THE CHAIRMAN: Q--You said just now that the Dominion Government, you thought, desired only one development on the river. Is it not so that when the Hydro Electric Power Commission went to the Dominion Government to ask for the right to develop power they told them that they should buy out the Seymour interests?

A--I really don't know about that. I have heard that, but of my own knowledge, of course, I don't know;.

COMMISSIONER HARRIS: Q--Do you think the municipalities would be satisfied with the value that the Government paid for these properties, if the two plants that you mentioned were segregated, that is, the Peterborough street

railway and the pulp mill.

COMMISSIONER R.A. ROSS: And the gas plants.

COMMISSIONER HARRIS: He didn't mention the gas plants.

A--It is the intention that the local utilities should come out.

Q--That means the gas plants and the water plant?

A--The gas plants and the water plant, and the street railway.

Q--And the pulp mill?

A--Yes.

Q--And the timber limit?

A--Yes.

THE CHAIRMAN: And Nipissing?

A--Yes, and Nipissing.

THE CHAIRMAN: Is there anything more, Mr. Stinson?

MR. STINSON; There is nothing further, Mr. Chairman, that I have to say.

THE CHAIRMAN: Mr. Gaby, would you and Mr. Pope like to ask any questions of Mr. Stinson?

MR. GABY: No, I don't think so, except the question of rates. I might say that the rates to domestic and commercial consumers are less to-day in the Central Ontario Power System than the majority of municipalities, than they were under private ownership.

In the case of power consumers, in order to meet competition, the rate was below cost, in some cases. These rates are now being adjusted, and brought into line, and the discrimination between consumers has, to some extent, been eliminated, as soon as the contracts have expired, so far as private consumers are concerned.

As far as the scrap between the Hydro and the power company is concerned, I may say that there has been no scrap between them. It is only that certain requests have been received by us from the municipalities for power, and for contracts, and bylaws have been carried --

Q--That was in 1915 or 1916?

A--That was earlier than 1915, Mr. Chairman, that would be 1914-15. Their situation was one that was involved, and I am sure Sir Adam will be able to clear up the details that have been asked by Mr. Harris in connection with this matter, as to how we came to negotiate with the electric power company for the purchase of those properties, and on what authority and what request from the municipalities.

Q--You can give us all that?

A--I say the Chairman of the Commission can give you those details, if necessary.

MR. STINSON: Mr. Hicks is Chairman of the Local Utility at Peterborough, he is here, and has been in very close touch with the whole situation.

R.H. HICKS (Cobourg)

THE CHAIRMAN: We shall be pleased to hear from you, Mr. Hicks, on the subject.

MR. HICKS: Can you give me a line as to what you want to hear me on.

Q--You stated you desired to be heard before us, and we will be glad to hear what you have to say?

A--The matter before you to-day is the request from this Committee, or at least we desire to lay before you the purphase of the Central Ontario System. I am speaking

purely from a Peterborough viewpoint when I deal with that.

Q--What is your position in Peterborough?

A--I am Chairman of the Commission.

Q--Of the Local Commission?

A--Of the Local Commission. Peterborough started in 1903 to secure power for themselves, tried to, and persistently tried to develop, or in some manner own power of their own.

I don't think it is necessary to tell you what difficulties they ran up against, but it seems that, from time to time the power passed into other hands.

Q--That is, water powers?

A--The Otonabee Power Company, we were negotiating with them at one time, but Peterborough didn't complete any agreement with them, and that passed into other hands. And then we negotiated for Burleigh power.

COMMISSIONER R.A. ROSS: Q--That is the Auburn power, you were negotiating with the Government?

A--We were negotiating with the owners of the Auburn Power Company. For Burleigh, we negotiated with a representative of Mr. Culverwell, I think, and I think during the negotiations, before we were through negotiating, it passed into other control. One of the first things we did was to draw a bargain from the Peterborough Light & Power Company, a Peterborough plant in the city that eventually passed into other hands. Then the Auburn plant and Burleigh, and then we applied for a lease on No. 8 on the Trent from the Dominion Government.

Q--Did you get that?

A--No, we did not, that passed into other hands. Eventually, we negotiated with the Otonabee Power Company for the purchase of their power.

COMMISSIONER HARRIS: Q- -Is that on the Trent?

A--It is about four miles from Peterborough.

Q--On the Trent?

A--Yes.

COMMISSIONER HANEY: Q--Above or below?

A--Above, and there was some correspondence which we haven't got, but I am quite familiar with the facts, that a price had been practically set, and we had asked a valuation from the Hydro Electric Power Commission on that power, and, during the negotiations it passed into other hands.

COMMISSIONER HARRIS: Q--Outside hands?

A--Yes. Our intention was to get our own power; Well, Peterborough became somewhat alarmed in connection with the power proposition, and there was only one other way of getting it, and we applied to the Hydro Electric Power Commission. We invited them down, and through applications and bills of the local legislature here we secured permission to purchase the distribution system in the city, so that we can buy power from anybody and control our own interests, and our own distributing. We finally secured that, and, as I say, this passed into other hands, but the Hydro Electric Power Commission came in and supplied us with power after we had purchased.

THE CHAIRMAN: Q- From there?

A--Well, they supplied the power. I don't know where, but I have no doubt it was from the only company there. I think it was from the Central Ontario Power System, the owners of it, and we carried on until the thing was taken over by the Government.

Peterborough started out to take advantage of the reserves which were adjacent to the city, and didn't

have very much success. There was only one other avenue left, so we invited the Commission to come to our rescue. They came to Peterborough, and the Peterborough Light & Power Company was taken over, and our power rates and lighting rates to-day in Peterborough are less than they were under private ownership.

In our position, we do not consider what we pay to the Hydro for power to the citizens, that is what counts. It is true we had a raise in the power rates of some five dollars for horsepower last year, but we have been setting aside quite heavy reserves, and we are able to keep up with the increased rate without raising the rate to our consumers, so that if the Central Ontario power system is conducted and carrying its charges, and we are paying for it, it must be a good proposition. I don't say it is, but if it is then we have paid for it. We want it, there is our position.

THE CHAIRMAN: Q--You are aware, of course, it is not carrying itself now, that you have a deficit, and that you are providing no sinking fund?

A--We are looking into that. This Committee has only been working a matter of a week or two, and this information has come, and we are in the early stages of that process.

COMMISSIONER HARRIS: Q--Your local system is doing well, you are setting up reserves and making progress?

A--Yes.

COMMISSIONER HANEY: Q--What is the amount of your reserves in the Peterborough plant?

A--All reserves amount to around $90,000.00.

COMMISSIONER HARRIS: Q--You can set up reserves that will wipe off all of your costs of your local system,

but that doesn't help you on the general system outside?

A--Well, but would it not occur to you that if we were making those reserves out of intermittent peaks that without intermittent peaks the same condition, to a reasonable extent, would develop there.

COMMISSIONER HARRIS: Mr. Ross will answer that.

COMMISSIONER R.A. ROSS: Q--Haven't you got that situation now, aren't you linked up with tie lines, so that all the peaks show?

A--Yes. Then is it not possible that this company, having carried itself at the price paid for it up to the present time, will be better from now on as we go into the future? If it is a good thing, we want it, but if it isn't, why, let the Government keep it.

COMMISSIONER HARRIS: I think your Committee is going to make progress.

THE CHAIRMAN: You really could afford to pay a little more to the Hydro now for the power you buy, and so reduce the deficit which exists?

A--We won't pay a nickle more than we can possibly help.

Q--I am quite aware of that. Have you arrived at any conclusions as to what way you would be prepared to take over what the Government bought from them, less those plants that Mr. Stinson mentioned, at the cost price?

A--I will tell you what I thought. Of course, that is only an individual case, that if there was any very great difference in our ideas of value, that probably we could have the timber limit, it might help us out, but it seems to me there might be a difference in our ideas of value and what they paid for them;

Q--You think the Government might throw in the timber limits?

A--Yes, I think they might. They never placed much value on them.

Q--They made some money on them one year, a considerable sum. What about your street railway?

A--That is one of the things that we don't think is very good.

Q--But you would be willing to take it over at the cost to the Government?

A--Oh, no.

Q--What would you be prepared to take it at?

A--I haven't the slightest idea. I haven't gone into the figures.

Q--What fares are you charging now?

A--Seven cents. I don't know that the people of Peterborough are anxious to take over the street railway. We think it is pretty well operated under present conditions, and we would just as soon leave it where it is. The Government has purchased it, they will have it anyway, If we don't take it, and let them go on and operate it

COMMISSIONER HARRIS: Who will pay the deficits?

A--The Government will pay the deficits.

COMMISSIONER HANEY: I suppose in buying the carcass you would expect to buy the bone and meat, or else if you want all porterhouse you would expect to pay a better price?

A--We haven't gotten together and secured all the information we want so that we can tell you intelligently. I think you can leave it safely in our hands.

THE CHAIRMAN: Q--You have laid down the principles?

A--Yes.

COMMISSIONER R.A. ROSS: Q--You operate both your electric light distribution and your street railway yourselves?

A--No.

Q--You don't operate the street railway? A--No.

COMMISSIONER HARRIS: Q--But you operate your distribution system for lighting and power ? A--Yes.

Q--Of course, you could operate the street railway a good deal cheaper than anybody else?

A--We are not looking forward to the operation of it, I can tell you that.

THE CHAIRMAN: Do you sell the power to the street railway?

A--No, it is sold direct by the Hydro-Electric Power Commission.

Q--Have you any gas plants in Peterboro? A--One.

Q--Are you prepared to take that over at what it cost the Government ?

A--We haven't found out what it is worth yet, whether it cost too much.

Q--There is one, too, at Napanee, is there not ?

A--Yes.

COMMISSIONER HARRIS: Is there one at Cobourg ?

MR. STINSON: Yes.

MR. GABY: There are gas plants at Oshawa, Cobourg and Peterboro. There was one at Napanee, but that has been out of commission for years on account of the conditions in the municipality, the municipality tearing up its main street, and so forth.

THE CHAIRMAN: Q--What did it cost?

A--I cannot say offhand.

COMMISSIONER R. A. ROSS: Q--If you got the street railway into your own hands, don't you think you could cut down operating costs? A--I am not sure of that, I haven't looked into that, but my idea is that negotiations would develop, that possibly some things have increased which

would increase their capital value, and might offset some of the things that have not, and that would be a matter to be gone into very carefully.

Q--I should think the Government would have to make a clean-up deal with you anyway, that is to say, when they made a clean-up deal it would have to be a clean-up deal. They wouldn't want to have the street railway left on their hands?

A--That would depend on the political pull you have.

COMMISSIONER HANEY: Q--You have no politics in Peterboro, have you? A--No, we have no politics in Peterboro.

THE CHAIRMAN: Q--You heard what Mr. Stinson said, that the municipalities might take those over at just what it cost the Government, if they could give the Government bonds bearing 4 per cent interest. Would you go as far as that ?

A--I said we would take it over if it was a good thing.

Q--You are not prepared to go quite so far as Mr. Stinson?

A--If we are paying for it, and carrying it, we want to own it.

Q--You propose that it should be taken over as part of the Hydro system, or that each municipality should take over its plant itself ? A--Well, now, do you refer to the local plant ?

Q--I mean the whole thing, the generating stations, and the whole works now owned by the Government there ?

A--I think I represent a city that will be of this opinion, that it would be better under the Hydro-Electric Power Commission.

Q---And you would have it operated then by the Commission, the same as they do in other parts of the Province ?

A--I think we would be quite satisfied with that, and one particular reason is this: That with the Niagara development on this end, and with the possible development of the

St. Lawrence at the other end, which may eventually come, we would be in a happy position if the Hydro controlled the whole thing, to let us in on one end or the other.

Q--Or both ends? A--Or both ends, yes. In our municipality, I might say, at the present time, that we are somewhat interested in getting more power. We want to see it available. I don't think our factories are working over 50 per cent, and we believe they will shortly begin to pick up, and we are using more power today than during the peak war load. We are wondering what we are going to do if we are likely to go suddenly ahead, with very large demands of power. The Hydro are in touch with the situation and we would like to get in closer touch with them than we are now. We think it would be of great benefit to us.

Q--How do you propose to meet the anticipated shortage ?

A--We propose to meet it by making inquiries as to what Chippawa would cost, and what it would cost to develop the undeveloped powers of our district.

Q--You haven't come to the conclusion as to whether it is desirable to have Chippawa or not ?

A--We cannot until we have had proper advice on it.

Q--Has your municipality made any representations from time to time to the Hydro Electric Power Commission as to further developing Ranney's Falls, for instance ?

A--I don't think we mentioned development. We have asked for power, and that is the only way they could get it, possibly, but we have pressed them for power.

Q--Why were these different plants you speak of, which you suggest are unprofitable, taken over in the first instance by the Government and operated by the Hydro? Why did they take over the street railway, gas plants, timber limits and pulp mill ? A--Well, I suppose there were

two parties to that bargain. The people that owned them wanted to sell them en bloc, and the people who wanted to buy them had to accept them that way. That is the only answer I can give.

Q--The Hydro had power to expropriate what was wanted ?

A--I am afraid I don't know that, I don't know the reasons why it was done.

THE CHAIRMAN: Mr. Gaby, do you want to ask any questions ?

MR. GABY: No, nothing.

F. L. MASON (Oshawa): Examined.

THE CHAIRMAN: Q--Mr. Mason, We will be glad to hear from you on the subject?

A--Well, of course, I am not going into the details, except to say that the Committees who have met at different times have decided on a purchase, and the principle of the purchase, but we haven't gotten down to any details or final basis.

Q--What is the principle ? A--Well, the principle is to purchase the properties on the same basis as they have in Western Ontario, that is, have the properties on the same basis as they have in Western Ontario.

The question has been asked here about the valuation. While we haven't got it figured out exactly, I think there would be very little difference. I am speaking offhand. I am not saying that this would work out exactly, but it would be a question of paying for the properties at the present valuation with a low rate of interest, or at least pay for the properties at a cost with a low rate of interest or at the actual valuation at prevailing rates of interest.

Q--Well, there is really not much difference in principle,

that is, if the Government would let you have it at a lower rate than they had to pay themselves, that would be letting you have it at less than cost ?

A--I don't think there is any secret about it, that the Government actually paid about $2,000,000 more than the actual valuation of the properties.

Q--The Government paid $2,000,000 more than the actual valuation? A--Approximately.

Q--But they paid it for you ? A--Well, they did, yes, in a way they did, and in another way I think it was probably in the general interests of the public that the property was purchased.

Q--Didn't you ask them to buy it ?

A--Yes, I will admit we did. There were several municipalities in the first place waited upon the Government , the Dominion Government, to try and induce them to stop selling those rights to private individuals and private companies. I was on two different deputations. We had two or three meetings in Port Hope. because we felt that the situation was goingto become serious if all these water rights were bought up by private indiviiuals, and that eventually we wouldn't be in a position to buy, and to compete with the people in other parts of the Province who were enjoying power at cost, because we would be in the hands of a company or companies that would have the whiphand over us, and we would have to pay whatever they demanded for the power.

Speaking for Oshawa, what we are vitally interested in is more power. I must confess that we are somewhat alarmed about the situation. We are large consumers of power there, and with the manufacturers it isn't a question of $2 or $3 extra for horsepower.

Q--What do you pay now ? A--Well, a dollar per month.

It figures out about $20 or $21 per year, that is about what it costs. But it is a question of having an ample supply of power. Now, I don't know, but I understood this from the Hydro-Electric Power Commission that they have a scheme whereby they could bring Chippawa powef east, and they could even go so far as to develop the St. Lawrence water powers and connect the two together. If that could be done, I must say that the Central Ontario district would be in a very happy position. To be sure, we cannot expect to get power from either one of these sources as cheap as we can from the Central Ontario power system, but in the meantime, I also understand this, that if the St. Lawrence development can be started the Hydro-Electric Power Commission are prepared to extend the Chippawa power easterly, as quickly as possible, with a view to connecting up there, but if the development from the East is not a possibility it would not pay them to extend this Chippawa power to the East.

Q--Perhaps it would be well to leave out the St.Lawrence scheme now, because there is no prospect of an early development in that system? A--Well, of course, it would take four or five years.

Q--Mr. Ross says ten years ? A--We will say ten years, supposing we say ten years, I wouldn't be at all surprised that if there was any possibility of that development being made in ten years the Hydro would extend this Chippawa power Easterly.

Q--Independently of the St. Lawrence system, what would you think of the Central Ontario Power System getting their power from Niagara, so that it would relieve the situation in Central Ontario ? It would relieve the situation, would it not, by giving the other municipalities the amount you are now taking? A--Without answering that question

at the present time, I would like to know possibly what the power would cost. If it is only a question of two dollars or three dollars, why, that doesn't amount to anything compared to closing down an industry for two or three weeks.

Q--Have you taken that up with the Hydro ?

A--Well, it has been suggested and intimated to them that that might be a source.

Q--Have they quoted any price to you, or estimated any price ? A--No, not yet.

Q--Are you getting that from them ?

A--Well, it has been suggested that they give us that figure, but I don't think there has been any definite request made.

Q--That would relieve you of all shortages? A--Yes.

COMMISSIONER HARRIS: Q--You have a very heavy power load in Oshawa?

A--I don't know exactly, Mr. Gaby could tell you.

THE CHAIRMAN: What do they take, Mr. Gaby ?

MR. GABY: It runs as high as 5,000, between 4,000 and 5,000.

MR. MASON: Of course, there is no doubt, in the next two or three years, we will require a lot more power. Industries are increasing there all the time.

COMMISSIONER HANEY: Q--You are on 60-cycle at the present time ?

A--Yes, and the Niagara is 25.

Q--Replacing your motor with the 25-cycle ?

A--Well, no, it would be 60-cycle when it got to Oshawa, I understand.

COMMISSIONER HARRIS: Q--That involves expense, of course ? A--Yes.

THE CHAIRMAN: Q--If you hadn't the power from Niagara, how are you going to get enough power from the Central Ontario System to supply this increased demand you say there will be at Oshawa, and supply the increased demand we are told there will be at Peterboro? Can you develop sufficient power on the Central Ontario to meet the anticipated demand, of, say, two or three years in the future ?

A--I don't know exactly what power is still available there. From what I can learn, there is only about 15,000 h.p. which can be developed.

Q--You have Ranney's Falls now ? A--Yes.

COMMISSIONER HARRIS: Q--Of course, that increases the amount of power tremendously?

A--I understand it is pretty well taken up now, and it has only been connected up a short time.

THE CHAIRMAN: Q--You must get some additional power from some source ?

A--There is no doubt about that. I don't see how the Central Ontario System can take care of the development.

Q--And the only available source, at the present time, is Niagara ? A--Apparently, unless we get back to the St. Lawrence. Of course, what we are looking to now is the immediate future.

Q--Well, the St. Lawrence isn't the immediate future however much it may be in the remote future. I was going to ask you another question about the cost of taking over. The Government took over the Central Ontario Power System at your request, and on terms which you assented to ?

A--I wouldn't saythat, Mr. Chairman. What I say is this -- I don't think I need to repeat it, to go back over that question of providing capital -- taking up all these rights, the people down there became somewhat alarmed at the situation, and we had these meetings, and we made

representations to the Commission; the system was in such a condition at that time that it was found it would be impossible to take it over on the same basis as the Western municipalities were getting their power, because the information that we received at that time was to the effect "You take all our property or you cannot have any," The result was that the Government had to buy these gas plants, the timber limits, the pulp mills and the street railway, all those, or they couldn't have got any of this System. Under those conditions it was impossible for the local municipalities to take over the parts that they wanted, so the Government stepped in after strong representations and said, all right, we will buy all those properties and hand them over to the Hydro-Electric Power Commission, as trustees, to operate them for you.

Q--Well, the Government did this, did it for you, loaned you the public credit for that purpose, and now you ask them to make them over to you at less than they took it for you, as trustees, entirely to promote your interests. Is that fair to the Government ?

A--Well, I think, Mr. Chairman, if they segregated those -- I may use the word -- unproductive parts of this system --

Q--But you see they had to buy the non-productive with the productive, in order to protect your interests ?

A--Because it was in the general interest of the public, therefore, the general public should help to contribute to the loss.

Q--Yes, the general public of Central Ontario, but if I help somebody out, lend him money to bring about the change, I should think it was rather shabby of the man for whom I had acted if, at the end, he said I want you to make over to me the productive part, and keep the unproductive part yourself and shoulder the loss which was brought about by

your helping me ? A--Well, I am not thoroughly familiar with the financial situation as it stood at that particular time, but I understand from the information I gathered, that this Electric Company was in rather bad financial circumstances.

Q--If they were, then why didn't they sell for a lower price?

A--Because the bondholders held a sufficient number of bonds which had to be taken care of.

Q--They had no claim on the Government ?

A--I don't know the details of it, but that was the substance of it.

COMMISSIONER HARRIS: Q--You don't agree with the principle, that if a man gets into difficulties he can go to the Government and say, "Here, I am hard up and cannot get along, I want you to buy me out so that I won't lose any money"? A--No. I think what the municipalities would be in favor of would be to take that over at its actual value, on 40-year bonds bearing interest at 4 per cent.

Q--Had not the Government or the Hydro the authority and right to go in and expropriate the things that they could use, and why then did they go in and buy the unproductive part ? A--They might have gone in and probably expropriated those plants in local municipalities, but I explained where they could expropriate those water rights which had been purchased by these private individuals from the Dominion Government. I don't know, but I don't believe they could do that.

Q--Well, did you make any representations to the Dominion Government about it ? A--Oh, yes, we made representations to the Dominion Government, I think, when Frank Cochrane was Minister, protesting against them handing over those water rights to the private individuals. That was really what started, as nearly as I can remember, the whole agitation.

COMMISSIONER HARRIS: Q--So that it had already been done before you made a protest. They didn't give the water rights to any individual after you had made the protest? A--No, but they were continually doing it previous to that.

Q--Yes, but you stopped them from doing it by making the protest, but it had already been done ?

A--We had no guarantee they wouldn't do it.

Q--Well, didn't they receive your protest favourably ? Did they express any opinion as to what their policy would be? I understand that about that time they did adopt the policy not to give out any of those waterpowers ?

A--It was quite characteristic of the politicians . That is the way the situation stood after we got through. They said "It will receive our serious consideration."

COMMISSIONER HANEY: Q--As a matter of fact, hadn't all those power rights been granted to the company at the time ?

A--No, I don't think so, not at that time. I wouldn't say definitely. I am not familiar with all the details.

THE CHAIRMAN: Q--Nearly all those plants operating now were owned by the Seymour people ?

A--Well, of course, there have been big developments since that. Take this latest development at Ranny Falls.

Q--That is a new one ? A--Yes, that is a new one.

COMMISSIONER R. A. ROSS: Dams 8 and 9.

COMMISSIONER HANEY: Q--The Seymour Power Company hadn't any rights on those dams which you speak of, Ranney Falls, and 8 and 9 ? A--No, but it was just such waterpowers as that that we wanted to stop private individuals from getting.

Q--What I want to get quite clear is if the Seymour Power Company had the rights on those dams at the time the

Government purchased ? A--I don't think so.

Q--They were open at that time? A--Yes.

THE CHAIRMAN: Q--Did the Dominion Government urge you to buy out the Seymour people ? A--No.

Q--Instead of developing Hydro power on your own account there ? A--Well, now, I cannot just remember what the details were in connection with that, regarding the Dominion Government and the purchase of it. It was a question I know that simmered down to the Government instructing the Hydro-Electric Power Commission to make a careful inventory of the whole system, which they did, and reported back showing the valuation at that time, and on the strength of that report of the Commission the property was purchased.

Q--Before it was purchased you knew what they would have to pay for it, didn't you? A--No, we didn't.

COMMISSIONER R. A. ROSS: Q--Was that valuation made before it was taken over or after ? A--Oh, it was made before.

THE CHAIRMAN: Q--Didn't your municipalities know what the Government was paying the Ssymour people for the plant ? A--I didn't know that there was a difference of $2,000,000 between the actual value of that property and the purchase price, and I don't believe there were very many people that did know, because I heard several express surprise that there was such a difference.

COMMISSIONER HARRIS: Q--At the time that the purchase was made ?

A--Yes, after it was made.

THE CHAIRMAN: Is there anything further ?

MR. MASON: If there is anything you gentlemen can do, or recommendations you can make to give us more power, why, we will appreciate it very much.

THE CHAIRMAN: And you wonlt make any objection to

the price ? A--Oh, well, within reason, two or three dollars a horsepower, we don't mind as far as Oshawa is concerned.

THE CHAIRMAN: Mr. Pope, do you want to ask any questions of Mr. Mason? A--No.

R. J. GRAHAM (Belleville) - Examined.

THE CHAIRMAN: Q--We would like to hear from you, Mr. Graham ?

A--I didn't make any application to be heard here at all; I came here at the request of the Commission.

Q--Mr. Graham, can you tell us about the condition which prevailed down in your district? You are from Belleville, I believe ? A--Yes.

Q--Can you suggest how it might be improved, in any way ?

A--Well, I am only interested as a manufacturer in the supply of power, and, from that point of view, I can speak.

Q--Speak to us from that viewpoint ?

A--I know nothing about the municipal organization, or the meeting at Port Hope or this request for public ownership. I can only speak from the viewpoint of a power consumer, and what we want is an enforceable contract.

Q--What do you mean by that ? A--A contract by which we get what we agree to pay for.

Q--That is power ? A--Yes, sir. For instance, I am interested in most of the industries in Belleville, financially, and, as it stands now, we are tied up to a contract whereby we are compelled to sign on a dotted line of that contract which those who present it tell us they have no authority to amend or change, in any particular. It is just like a bill of lading, we have to sign that.

Q--That is a contract for the sale of power to you ?

A--Yes, sir. Now, apparently, the management of that power organization continue to take contracts for power promiscuously from anybody who applies for it without regard to the amount of power they have to deliver.

Q--That is, they oversell it ? A--I think so. The effect is that we have had occasions when there were shortages and very serious losses. We are told that we have no remedy for our loss when there is a shortage of power, we have no redress whatever. Now, if we have no redress when there is a shortage of power, I think there should be some control as to the amount of power sold.

Q--What inconvenience have you suffered as a manufacturer ?

A--Well, for instance, a mill in which I was financially interested was closed down just at a time when wheat was at its peak, and the net result of it was we lost $89,000 in about six weeks in that particular mill, most of which was incurred because of the shortage of power. We had our flour sold, we had our wheat bought, but we couldn't mill it. That is a specific case. Another case in which we were manufacturing tires. We had our tires sold, we had our raw material there, and we couldn't deliver. The consequence is we lost the business. Most all the industries in which I am interested were tied up in the same way.

Q--Have you any cold torage ? A--Yes, sir.

Q--How will it affect that ? A--We get the power for cold storage. It would be essential that we should, because if that cold storage was shut off there would be a big loss. It is a public warehouse; the public store perishable goods there and, as I say, if the power were shut off there there would be a very serious loss, and somebody would have to pay for it.

We represented very strongly to the authorities in

charge of the power this situation, and we were able to control our peak load in the cold storage so that we disturbed the lighting of the city, and other utilities, as little as possible. Of course, ordinarily, we run the cold storage 24 hours, but at that time, I think, we cut it down to 18 hours, and did again this summer when we had this same trouble. But what I am interested in, and what I think all manufacturers are interested in is a constant supply of power. We are not so much concerned whether we pay $2 or $5 more or less for power, so long as we know we are going to have it.

Q--And if you don't get it you shall be paying for the damages you sustain through not being supplied with it ?

A--Exactly, yes, sir.

Q--And, under your present contract, you cannot collect damages ? A--I understand we cannot. I am not so sure that we cannot, but I understand that is the position.

Q--Well, now, what is your remedy for this power shortage ? A--I think there should be some control as to the amount of power that should be sold by the Hydro.

Q--But if there are people there who want power, haven't they as much right to it as you ?

A--I think the last man who applies for it should be the first man shut off. That looks reasonable to me. The man that comes in first, and has had that power longest, should be the last man to be cut off.

COMMISSIONER HANEY: Q--That is, when they had plenty of power available ?

A--Yes, sir. For instance, now, apparently there is no shortage of power, or likely to be for some little time. We are negotiating in Belleville now for new industries, a dozen or more new industries, all of whom are consumers of electric power.

THE CHAIRMAN: I suppose they have been told they can get power ?

A--Absolutely.

Q--Why shouldn't they be placed on the same footing as those who have been taking the power longer? They help to meet the cost the same as the others do?

A--They came in last, and either the people who sell the power should have an absolute control of their raw material, or else they shouldn't sell more than they are dead sure of supplying, just as we, as a manufacturing concern, undertake to deliver and sell a finished product. We have got the raw material to do it, we know exactly where we are at, and if we don't deliver it we are compelled to pay damages. If the Hydro have got the raw material, that is, in the form of a flow of water, and they generate and manufacture that into power and sell it to us, and we have to pay whether we use it or not -- the contract that I am compelled to sign says that I must pay so much for horse-power whether I use it or whether I don't -- and then, as I use it, I pay so much per horsepower for the first 48 hours, so much for the next 48 hours, and then a very much lower price for the balance. We do not object to that, but we want to know that we are getting it when we contract for it.

Q--Of course, you will see, Mr. Graham, that if the Commission is to be liable for damages they would have to create a fund out of which to pay for those damages. In other words, they would have to increase the cost of power.

A--They would have to put themselves in the position of any manufacturer who was supplying a finished article. They shouldn't oversell their product.

Q--Isn't the remedy more power, isn't that the only way of meeting the demands of those new industries that are

coming in and those of you who have been taking power for a long time ?

A--They must have a reserve. Any manufacturer must have a reserve to protect himself against his contract, and, if those people have a reserve let them go ahead and sell the power, and if they haven't then they shouldn't be allowed to take on new contracts.

Q--Those people who go in and build factories must have power from some source ?

A--Suppose I go into Belleville, Peterboro, Oshawa or Lindsay, or any other city, and ask for power, and I am told that they have sold up to what they consider they can conscientiously sell, all right. Now, if I want power under the conditions that they will give it to me when they have it I know exactly what I am doing.

Q--You will go to some place else, you will go to some place where you will get power ?

A--If they tell him he is going to get power, and if he goes there, as many of us have gone into other places, expecting there was a permanent supply, and then he finds himself up against the proposition of a shortage of power, what position is he in?

Q--It seems to me those people who come in must be supplied from some source. They shouldn't take it away from you, but they must get it from somewhere. You must get more power.

A--Well, that seems to me to be a question for the Hydro-Electric Power Commission or whoever is in control of this power. They shouldn't bind us to pay for a thing unless they are sure that they can deliver it. When this thing was off we had to pay just the same.

COMMISSIONER R. A. ROSS: Q--That is, if you were off for two weeks they charged you just the same ?

A--We had to pay for standby, 90 cents a month. It is

figured out at 90 cents a month per horsepower to large consumers, and a dollar a horsepower for small consumers. You have to pay that whether you use it or not.

Q--You have to pay your $10 or $12 a year ?

A--That is put up to us for the purpose of having it on tap, but if it isn't on tap we have to pay for it just the same, and we have no redress. What we want is an enforceable contract.

COMMISSIONER J. ALLEN ROSS: Q--What you want is more power ?

A--I don't want any more power, but I want the power that I have contracted for.

Q--I don't think you want to put yourself in the position of being interested in all the industries in Belleville, or many of them, and having yourindustry No. 1 that was established first get a priority over, say, No. 6, or No. 9, or No. 10 that was established later ?

A--That is the only practical way I see for it. Of course, it is a good thing to have, as you suggest, plenty of power. If there is plenty of power nobody is going to object, because there will be power for everybody, but what we do object to is that they take contracts promiscuously to supply power. Today, I will venture to say that I can get a contract for 20 new industries in Belleville if I ask for it.

COMMISSIONER HANEY: Contracts for power ?

A--Yes.

Q--You might not after your statement here today.

A--I don't know what they would do with me, or what they will do in the future, but I know what they have done for me in the past.

COMMISSIONER R. A. ROSS: You are in a slightly different position in Central Ontario from Niagara , You are running

on stored water. That stored water, during nine years out of ten, or nineteen years out of twenty, would have a considerable amount of power, but one year, a low-water year, you would be short of power. Now, a very little supplementary power, taken below that, or somewhere else, would put you exactly where you ought to be?

A--Oh, yes. If we had, as has been suggested today, the privilege of tapping either Niagara Falls or the St. Lawrence, from either end, in the case of emergency, it would be a wonderful insurance for the power consumer, no doubt about that.

Q--If, in the development of the System, they had developed on the basis of the very lowest year that could possibly occur, their sales of power would be appreciably less during the year, and your cost of that same power would have been so much higher ?

A--I don't think they have developed the possibilities of the Trent River to the fullest.

Q--I don't think they can get much more out of the Trent River, enough to keep you going for a few more years. Your cost per horsepower from additional power on the Trent River hasn't decreased; it is practically the same. If the Hydro had to put in those dams instead of being presented with them from the Government, your costs of power there would be very much greater than they are today?

A--That may be. I know it was very much less before they developed.

COMMISSIONER HANEY: Q--Before the Hydro came in ?

A--Yes. So far as I am personally concerned we were paying the Seymour Company a good deal less than we are paying for power today.

THE CHAIRMAN: Q--Mr. Graham, would the Central Ontario Power System be prepared to pay the cost of a transmission line

from, say, Toronto down to Oshawa to connect with your System, in order that you might secure power so that all possibility of shortage might be removed ?

A--I cannot speak as to what the municipalities would do, because I am not connected with any municipality directly. I belong to the Chambers of Commerce, and I am interested in industries in our particular city, anxious to have more industries there, and have them develop and build up the town.

Q--You cannot do it if you carry out your suggestion and tell them they cannot have power ?

A--Well, there should be power. If it is all developed that can be developed, there is no good asking industries to come in. Every city wants industries, that is what we are looking for, so as to build up the city and employ more people, to use more of our home produce, to find a market for the farmers' produce at home. We all realize the advantage of those things and, of course, that can only be done by developing manufacturing, and that manufacturing can only be developed by power. What I am complaining of is this, that we have a contract now that is all one-sided.

THE CHAIRMAN: Q--It wouldn't make any difference if they made these contracts with all of you because, if the power isn't there, they cannot carry out their contracts?

A--Well, then, we cannot develop the Central Ontario district, we must look for some other source of supply.

Q--Aren't you at that point now? A--It looks like it. If the municipalities in the district are going to consume more power than can be developed on the Trent River, why, then, they must look for a source of supply from some other place.

COMMISSIONER J. ALLEN ROSS: Q--Right there, Mr. Graham, as I understand your position you, as a manufacturer, representing your own industries -- I am speaking of you personally --

would be willing to pay considerably more for power if power could be made available in such quantities as to ensure the condition you are speaking of?

A--We would be willing to pay as much as our competitiors would be willing to pay for power, otherwise, an industry wouldn't go to any locality where they would have to pay more for power than they would at some other convenient locality.

THE CHAIRMAN: Q--You might have wonderful advantages down there ?

A--Power is the big thing that draws an industry.

Q--You can buy power at Fenelon Falls at $10 a h.p. all the year round, and yet they don't sell it ?

A--There may be reasons why they don't sell it there.

COMMISSIONER J. ALLEN ROSS: You would hardly expect to retain your power as cheap at Belleville for your rubber tire industry as they could do at New Toronto here if you could take Niagara power ?

A--I am not familiar as to just how the power bills are prepared by the Hydro. For instance, it might be that Peterboro, or Lindsay or Oshawa, who are perhaps nearer the larger development, get their power at a lower rate than we do at Belleville. I am not sure about that, but I presume those are all equalized on a fair basis. I am not sure that the power consumer at Hamilton, for instance, pays any more than the fellow does at Welland. I am inclined to think he doesn't.

S. R. ARMSTRONG (Peterboro) - Examined.

THE CHAIRMAN: Q--We will be glad to hear what you have to say, Mr. Armstrong ?

A--There are a few observations, Mr. Chairman, I was going to make. One was that in regard to the main question of the municipalities taking over the power. At the time that some of the municipalities determined to go into this matter they understood that, eventually, the power would be municipally owned power. We understood that from the Chairman of the Hydro-Electric Power Commission, and when the Government was discussing taking over --

Q--Which Government ? A--The Ontario Government, discussing taking over the electric power companies on the whole system, the then Minister of Lands and Forests said the same thing, that it would be municipally owned, That is one thing that is in our minds. Another thing that is in our minds --

Q--First, before leaving that, you knew about the negotiations going on with the Seymour Company, did you not ?

A--We knew there were negotiations going on, but we were not kept acquainted with the negotiations.

Q--Didn't you know they were about to sign a contract to take it over at a certain price ?

A--No, sir, we did not.

Q--They were acting at your request ?

A--Our requests were made, as far as I know, to the Hydro-Electric Power Commission always, and the Commission, I suppose, carried those to the Government.

Q--They represented you, didn't they ?

A--To that extent, that we were anxious for them to fulfill their arrangement to get power.

Q--So when they approved of the purchase on the terms

mentioned they practically consented on your behalf ?

A--Probably that was their intention. The other observation I was going to make was: Our understanding is that the Hydro-Electric Power Commission approved of the properties being taken over at that price provided they were paid for with 4 per cent 40-year bonds. That 4 per cent 40-year bond is still in our minds. That is what the Hydro said.

Q--That was the original agreement, was it not ?

A--No, the purchase was made by the issue of 10-year bonds instead of 40-year bonds.

Q--Yes, it was, but they threw in another property, they threw in the Nipissing System to make up for that?

A--I don't think that helped any, and that idea is still in our minds the 4 per cent 40-year bonds.

Q--Of course, the rate of interest was lower at that time than it is now ? A--Yes, sir.

Q--Would you consider it reasonable to ask the Government to accept payment at 4 per cent if it had to pay 6 per cent?

A--If you are assuming, Mr. Chairman, that the Commission representing the municipalities -- that is what they asked was for 40-year bonds at 4 per cent, and if that had been carried out they would still be carrying them for the next 36 years at 4 per cent.

Q--Didn't they finally approve of the bonds as they were issued ? A--I don't think so, I understand not.

Q--Even at the 4 per cent that you are now paying there is an accumulated deficit of between $100,000 and $200,000 ?

A--Yes. Well, of course, in thinking of it as a municipal enterprise we have in mind, eventually, that the system will be paid for, and if it can be so adjusted as to pay for itself then we want it in the position that we originally expected to be in, a municipally-owned power plant.

Q--When you found that they were taking over these utilities, such as the street railway, the pulp mill, and the gas works, and so on, did you exert any pressure upon them to have those omitted ?

A--We had no knowledge of the details of the negotiations, Mr. Chairman.

Q--It was all in the hands of the Hydro-Electric Power Commission ? A--So far as we know, the Government or the Hydro, we don't know which. We had no knowledge of the details.

Q--Had you any negotiations with the Dominion Government ?

A--We had, in the way that Mr. Mason, of Oshawa, spoke of. We asked the Dominion Government not to let the private individuals get a monopoly of the powers on the Trent, not to let them do it by giving them the other remaining powers. Dams 8 and 9 were the principal ones, and we asked the Dominion Government to accede to the request of the Hydro-Electric Power Commission to give them control of dams 8 and 9. That I don't think was ever done, though.

Q--And the Hydro did finally complete arrangements on the terms mentioned ? A--The Government did.

Q--The Government through them ?

A--The Hydro-Electric Power Commission asked for Dams 8 and 9 from the Dominion Government, and a number of the municipalities supported them, for the reasons given a little while ago, that it was the only way we would get municipally-owned power.

Q--Were you not aware that the street railway in Peterboro was being included ? A--We didn't know the details of it, Mr. Chairman.

Q--Not even to that extent ? A--No.

THE CHAIRMAN: I think that is all, Mr. Armstrong.

MR. STINSON: I think those are the representations that we have to make, Mr. Chairman.

I made it quite plain to the meeting at Port Hope that all municipalities were free to come here and make any different representations than might be made by the Association.

THE CHAIRMAN: Are they here, Mr. Stinson ?

MR. STINSON: I don't know whether any municipalities are here individually or not.

MR. THOMAS TOOMS (Peterboro): I would like to say something with regard to the Central Ontario Power Company if I am in order.

THE CHAIRMAN: If Mr. Harity is going to speak we will hear him first, Mr. Tooms.

MR. J. O. HARITY(Belleville): Examined.

THE CHAIRMAN: Mr. Harity, we would like to hear what you have to say in this matter.

A--Mr. Stinson has covered the ground. I have really very little to say.

Q--Would you endorse what Mr. Stinson has said ?

A--Very largely. There is one thing I would like to emphasize, that is, conservation of water. Conservation has only been carried out in a very fragmentary way in the County of Hastings and Peterboro, and we think a great deal could be done to strengthen the supply of water through the seasons of shortage.

Q--Could you tell us the way in which you propose it should be done ?

A--Well, by the acquirement of dams, new dams.

Q--Where ? A--Along those tributary streams.

Q--Could you give it to us in some detail ?

A--Oh, yes, along the Beaver Creek, the Bear River and the Crow River, and a number of the other tributary streams there.

Q--Have you ever made any estimate of the amounts that would be conserved in that way, and the cost of conserving it ? A--No, I have not.

Q--Are some of those navigable streams ? A--No, none of them, but the flow of the Crow River is very considerable, about 300 cubic feet per second.

Q--But would there be any damages ?

A--The damages I don't think would be a serious factor. The land is mostly of a worthless character.

Q--Have you taken that up with the Hydro?

A--I have consulted with Mr. Ireland about it in an unofficial way.

Q--And has the Hydro made any estimate of the cost ?

A--They are already doing a little bit, but we want them to do more.

Q--Do they encourage you in the belief that an appreciable increase could be made in that way ?

A--I don't know that they have definitely stated that.

Q--You said you were in general agreement with what Mr. Stinson has said ? A--Yes.

Q--In what respect are you not in agreement, if in anything?

A--Well, I have no right to speak for our municipality in regard to the matter of purchase, that is all.

Q--But, speaking for yourself, would you agree with him in what he said ?

A--Yes, I think I would. There is also the question of the water control. These difficulties, we think, have largely arisenbecause of the lack of co-op ration between the Dominion authorities -- the Department of Railways and Canals -- and the Hydro-Electric Power Commission, and that seemed very apparent this last summer during the power shortage along in July.

After we were told there was a power shortage, just after

the month of June when we had an abnormally heavy rainfall, a few days after this so-called famine was on the water was running to waste over the dam at Healey Falls.

Q--Well, can you suggest any remedy for that ?

A--Well, I am told that, in certain waterpowers, the Department of the Interior takes control, with power to use the powers to the full extent, both for navigation and for power development.

Q--Does the Government reserve more for navigation purposes than is necessary ? Have you made any investigation as to that ? A--I have been around on the System during these power shortages, and it appeared to me that they were not considering the question of power at all.

COMMISSIONER HARRIS: Q--That is, the Dominion Government ? A--Yes.

THE CHAIRMAN: Q--That is, they were considering navigation ?

A--They were considering navigation.

Q--And were they retaining more than was necessary for navigation ? A--It appeared so from statements I heard made. Of course, I cannot say of my own knowledge. That was in the power shortage of 1920 especially, and also in this last power shortage in July.

Q--You have heard what Mr. Graham has said about the power shortage. What would you say about that and how it affects manufacturers there ?

A--I quite agree with everything he said in that particular.

Q--What is your remedy ? Are you going to be able to develop enough power in the system to supply the increasing demands of those who are now taking power, and the new demands of those who are not taking it? A--No, only for a very short time. In the past two years the increase, I am told, ran from a peak of about 22,000 in 1920 to 32,000

about three weeks ago. That is the highest peak in the history of the Central Ontario system, and yet our industries are not running at maximum capacity. That is an increase of nearly 50 per cent in two years and if, as Mr. Hicks says, they are only running at 50 per cent in Peterboro it will only be a short time until the maximum development of the Trent is taken up.

Q--Well, even if you have this storage you speak of ?

A--And even if we have the storage we will have to look to other sources, there is no question about it.

Q--And where do you look ? A.-I would look particularly to the St. Lawrence. That, of course, is complicated with International politics, and it may be a matter of very slow arrangement, for if the dams were constructed above, two or three principal stores of power, if those were proceeded with first, it wouldn't seem to me, as an ordinary layman, that it would require ten years, as Mr. Ross has suggested.

Q--Yes, but first of all, you have got to get the two nations to agree on International action. That has not been done yet, and that may take a good many years, and even after you agree on that it may take a good many years more.

A--The despatch from Washington this morning was rather significant, and would almost indicate a willingness, I would say, on the part of the American Government, to proceed with negotiations at once.

COMMISSIONER R. A. ROSS: Apart from negotiations altogether, I fancy that the studies of the River, not being at all complete, would require at least two or three years to make, and have them in proper shape, so that you might be sure of your question. Then you have got to have continuity of action between the engineers of the Government of the United States and of Canada. I doubt whether, if you started tomorrow, with the

Governments of the two countries in complete accord in the matter, you would have your plans prepared in much less than ten years. I don't think that the subject has been studied enough ? A--Would you consider that as difficult an undertaking as the Chippawa Development ?

Q--Oh, yes, I think it is very much more difficulty, in many ways, than the Chippawa Development. The Chippawa Deveopment is a simple matter compared to the other. There are questions of navigation, and the question of averages. Those are matters that are quite desirable, and matters that have not yet been discussed.

Q--But even admitting that it would take ten years, if we don't make a start we won't have the power in ten years.

THE CHAIRMAN: Q--Supposing it does take ten years are you satisfied that the Central Ontario System can provide for you in the meantime ? A--No.

Q--Assuming that to be the fact, what will you do ?

A--Link up with the Niagara.

Q--That is the only remedy aside from the St. Lawrence ?

A--Yes.

Q--Well, then , are you prepared to bear the cost of carrying the Niagara power into the Central Ontario power system ?

A--Speaking for our own municipality, and with those and for those with whom I have consulted, I think they would. We are ambitious, in an industrial way, and if the power users can be assured of dependable power they would be willing to pay the difference.

I have found, in my negotiations with manufacturers, that they are more concerned about the dependability of power than about its price. They want to be sure, when they make contracts, as Mr. Graham mentioned here, that they

can carry them out, and we knew that in July our manufacturers were placed in a very serious position. They had partly manufactured goods on their hands, and there were about a thousand men out of employment down there, and the losses that were actually incurred even for that brief interruption were very serious.

COMMISSIONER R. A. ROSS: Supposing you had been depending upon coal instead of water, You have had a couple of shortages. Do you think, if you were dependent on a coal supply that you would have just as good a service, or would there be just the same possibility of shortage ?

A--Well, possibly in the case of strike. Of course, we had a strike 20 years ago, and we had another serious strike this year, but, ordinarily we would not.

Q--It is a question of pure economics and nothing else. You want waterpower cheaper than coal? A--Yes.

Q--If you cannot get it from the Trent you have got to get it somewhere else, but you have got to get waterpower eventually. The only other alternative is to go to coal, and you don't want to do that ?

A--No, we don't want to pay the price.

THE CHAIRMAN: Q--If you didn't have the dams and developed no increased power in Central Ontario, why, you would have to go to work and carry Niagara power in order to provide for your requirements?

A--My own guess would be that we would need this power inside of three years, even after developing the 20,000 more h.p. on the Trent System. From what I can learn, there is only about 20,000 more h.p. available there as an economical proposition and, at the present rate of increase, that will be taken up in three years.

Q--That would require a large expenditure to develop that, would it not ? A--Yes. Dams 8 and 9, according to

the Department of the Interior report, their estimate is a little over 12,000 h.p. Dams 1 and 4, about 4000 h.p. each, and then there is Burleigh Falls in addition.

Q--Well, wouldn't the per capita cost of horsepower there be very high in these small developments ?

A--It would be high, but I doubt if it would be as high as the cost of Niagara power to us. The cost of changing the frequency would be rather serious.

Q--That would have to be done anyway ? A--That would be rather a serious factor in bringing Niagara power to us.

Q--You have to bring the Niagara power in, and you have to put up the transmission lines; you have to transfer it from 25 to 60-cycle, and any additional horsepower that you get in over that line wouldn't be as expensive, would it, as the power you develop at these small plants ?

A--Well, of course, I haven't taken that up with anybody that could speak with authority on the matter. In fact, I don't know that the Hydro-Electric Power Commission is prepared to give us definite figures as yet. I have asked them but I haven't any definite information. I have been given some figures unofficially but I wouldn't want to quote them here. But that is the only relief for us after the Trent is used up, and it only represents a comparatively small development in the possibilities of the future.

COMMISSIONER R. A. ROSS: Q--Don't you think that the introduction of Niagara power to your system would be by the lopping off to manufacturers on your outskirts, and putting them on that system ?

A--If Oshawa were taken off, of course, that would relieve, but still, even with the Oshawa load removed, that wouldn't take care of our needs, I don't think, for a matter of any more than perhaps four years.

Q--Couldn't the breaks be extended from time to time?

A--Oh, yes, the transmission lines are already there, east of Oshawa, of course, but you would have to go as far as Port Hope before there is any considerable quantity used.

COMMISSIONER HANEY: Q--What does Port Hope do ?

A--They have quite a number of manufacturers there.

Q--Do they use 2,000 h.p. ? A--I cannot say definitely about that.

Q--I suppose Peterboro and Oshawa are the two principal power users ?

A--They carry the two heaviest loads. I think Belleville comes about third.

THE CHAIRMAN: It hasn't been worked out by the Hydro yet, to your knowledge ?

A--No, not to my knowledge.

E.WATSON, M.P.P. (North Victoria) - Examined.

THE CHAIRMAN: Q--You are member for North Victoria in the Local Legislature, Mr. Watson, are you not ?

A--Yes.

Q--We will be glad to hear from you?

A--I think the Commission should perhaps have the viewpoint of the municipalities that are not represented by this group, that is, the rural municipalities, in order that they might perhaps give a more intelligent report to the Government.

As I understand the situation,- and I haven't gone into it very carefully -- the Seymour power system, which cost the Government, approximately, twelve and a half million dollars to date, develops the majority of the power in that district,

The proposition that is placed before the Commission is, that a certain group of municipalities mostly, I believe, urban municipalities, want the Government to sell to them -- and I presume that would be at a bargain figure -- this group of power-producing properties irrespective of the fact whether they are in the municipalities or out of the municipalities.

I think it is a pretty good basic principle that the power-producing properties of Ontario, the waterpowers, belong to the whole people and not to any group, either a private group or a group of municipalities. As I have said, the proposition placed before you is that the Government sell to this group of municipalities this whole power system excluding, of course, such things as do not belong to power development, for instance, the street railway in Peterboro, the pulp proposition in the Township of Bruton, and the gas producing properties, but taking over the power only. If that were done, about all the advantage I see they could get would be that they would have control of the power.

The burden seems to be that there is a shortage of power. The manufacturers, possibly, are suffering for want of power occasionally, when the water runs short. The waters are largely under the control of the Dominion Government, and the manufacturers find that they haven't got enough power, and their contract has a saving clause in it so that they have no right of damages. Now they want to control this power, and that seems to me to be the only tangible advantage they would get. I do not see how they could benefit themselves by price reduction, for this reason, that they are not, at the present time, paying any sinking fund, and if they did pay a sinking fund to take care of the original capital cost, when they paid the whole of the capital cost off there is nothing to prevent the Hydro-Electric Power Commission from reducing their power charge, if the conditions will justify it.

The mere fact that the title is vested in the Ontario Government and not in the municipality should not affect the price charged, but the fact that the title was vested not in the Ontario Gove nment but in a group of municipalities would certainly affect the distribution of the available power.

THE CHAIRMAN: Q--The Hydro would have the right to fix the rate ?

A--Oh, yes, but when the Bill went through, and these power producing properties, which are scattered all up and down the country, were vested in the municipalities, I don't think the Hydro would have any say as to the priority of distribution, and the municipalities could say to the other municipalities who are surrounding them, especially the rural municipalities, farmers for instance, there isn't sufficient power for us and for you too, and as the title of this property is vested in us we will satisfy our manufacturers, and our towns and cities before we will allow you to use power.

Q--Is that the case where the Hydro is now operating for the municipalities? A--I don't think so.

Q--Why would it likely be the case here ?

A--I say I don't think so. I really don't know. I am not familiar with the conditions in Western Ontario, but it does seem to me that here the burden of the situation is the lack of power. They say they are willing to pay the price. The price doesn't amount to anything as long as they are guaranteed the power. What object is there in getting hold of this power system if it isn't to monopolize the power in the interests of a few municipalities that are represented by this group. I represent, of course, a rural municipality. It has been the policy of this Government to see that the rural districts secured the advantages of power. The farmer -- and I am not a farmer -- has a right to this advantage and, in following out this

principle the House, the session before last, passed a Bill whereby the rural lines were to be taxed 50 per cent of their cost, that is the main trunk line.

If this proposition were to go through, and the title of these waterpowers in Central Ontario be vested in those few municipalities, there would be no possible chance, as far as I can see, of the advantages of this Bill accruing to the other municipalities and the farmers of that district.

Q--Of course, they would own them later on?

A--Who would own them ?

Q--The municipalities, but they say also that it is control that they have to get of the waterpowers in the Central Ontario Power system, to supply the power requirements for the period of three years; even if there is, in the meantime, a very great development on the Trent system they will have to get power in from Niagara ?

A--I would like to know just what the real object is in taking over those powers, if it isn't to monopolize the available power, and that should be in the hands, I rather think, of the Hydro-Electric Power Commission acting for the whole of the people.

Q--Yes, they propose that it shall be ? A--Regarding distribution ?

Q--Oh, yes, regarding everything, I understand, that the system shall be in the hands of the Hydro-Electric Power Commission, just the same as any other system.

MR. STINSON: Absolutely just the same as the other thirteen systems which are operated throughout the Province. That is what we are asking for.

MR. WATSON: Supposing there is a shortage of power ?

COMMISSIONER HANEY: Well, then, you would buy instead of develop.

MR. WATSON: This property, let us assume, is vested in

those municipalities.

THE CHAIRMAN: Q--You think that if the municipalities operated under the Hydro they would have a prior claim upon the power, and that the rural districts might suffer ?

A--If the title to the property was vested in those municipalities, I rather think that would happen.

Q--If the Hydro holds it as trustee for them, and has certain powers. What would you say to that, Mr. Stinson ?

MR. STINSON: It would be on the same basis as it is on all the other systems.

Q--Supposing there is an abundance of power, or, rather, supposing there was a shortage of power, would the municipalities forming that system have a preference over the rural districts that are not directly attached to the system.

MR. GABY: They would be treated the same as the municipalities in the other system.

MR. WATSON: How are they treated ?

MR. GABY: In the same manner as any municipality making a request for power and entering into a contract with the Commission. They are supplied that up tothe available capacity of the Commission. There is no discrimination between them as far as power supply is concerned. As a matter of fact, these rural districts in the Central Ontario system have entered into contracts of similar character to those in the other systems. One difficulty in this system is the fact that half the municipalities have contracts in which there is a part ownership, and the other half are not but are simply customers of the Provincial Government, the Commission operating as trustee for them.

THE CHAIRMAN: Q--Mr. Gaby, if there was a shortage of power how would the rural districts stand, would the other municipalities have priority over them ?

MR. GABY: Just the same, Mr. Chairman. It is very difficult to govern the rural districts, in other words, to get them to curtail the use of power in case of shortage. As a matter of fact, it is the urban municipalities, and the larger consumers, that really have to suffer, because we can get to them. It is a matter of curtailing, and a matter of handling the power situation. For the power user in the rural municipality, we cannot get to him in time of shortage to arrange for the cutting-off of his power.

Q--So that, in a sense, the farmer would have the advantage?

A--We have no control over the power that he uses, and not much possibility of control. In the case of the power capacity being all taken up and having, if possible, to extend lines into other districts, then, of course, they would be all curtailed alike, that is, the urban municipalities as well as the rural,

MR. WATSON: Q--Do I understand, then, if this system were taken over by those municipalities, that the Hydro Commission would still control the distribution of this power?

MR. GABY: Yes, sir, just in the same manner.

MR. WATSON: What advantage is there in this municipality taking over this system, or in those municipalities taking it over?

MR. GABY: It is just a question as far as the municipalities have been considering it. The situation will be the same on the Central Ontario System as in other municipalities, that is, we have surpluses in certain of the municipalities for the purpose of taking care of deficits -

THE CHAIRMAN: It is quite workable, Mr. Watson, I think, whether it would be to their advantage to take it over or not, but I gather from what has been said it would

be in their interest to take it over, and it has been said here already to-day that if they did take it over and finally paid for it, it would be their property, whereas now if finally paid for out of the rates it wouldn't be their property, it would be the property of the Province as a whole.

MR. WATSON: But if taken over by the Government?

THE CHAIRMAN: It would still be operated by the Hydro, and Mr. Gaby says they would not discriminate between rural municipalities and the others.

MR. WATSON: If that is the case, I would like to find out just exactly what they want it for.

MR. MASON: As far as Oshawa is concerned, I would like to answer Mr. Watson's questions. For the first ten months of this year the Hydro Electric Power Commission has made a profit of $12,000.00 out of the distribution of power in the Town of Oshawa. That $12,000.00 is used to take care of deficits in other municipalities. Now, we claim that it isn't right that we should product a profit to be applied against the deficits in other municipalities, and that is the reason why Oshawa has taken the stand they have recently taken

MAYOR O'REILLY (Lindsay): The same thing applies to our municipality. We made a profit of over $8,000.00, and that isn't applied to us. It is applied to other places where there is a deficit.

MR. WATSON: If I understand you right, then, those profits are applied to places that show a deficit, such as the Peterborough Street Railway. It seems to me a cure for that is a re-vesting in the name of the Hydro Commission and not vesting the title in any municipality.

MAYOR O'REILLY: As I understand it, the Hydro Act provides for that; they can use a surplus in any particular

[illegible]

Mr. WATSON: But if again over to the [illegible]

THE CHAIRMAN: It would again be operated by the [illegible], and Mr. Guy [illegible] would not distribute between [illegible] municipalities and the county.

Mr. WARDEN: If that is the case, I would [illegible] this out just exactly what they mean, if for.

Mr. LEGGO: As far as Lodges is concerned, I would like to answer Mr. Warden's question. For the first two months of this year the Lodges Power Commission had made a profit of [illegible] out of the distribution of [illegible] in the Town of [illegible]. That is, after allowing for depreciation in their municipality. Now, we claim that it might right that we should produce a profit to be applied against the deficit in other municipalities, and that is the reason why Lodges has taken the stand they have [illegible].

MAYOR O'CONNOR (Lodges): The same thing applies to our municipality. We made a profit of [illegible] last year [illegible]. It is impossible to [illegible] [illegible] to Lodges.

Mr. ARNOLD: If I understand the matter, the [illegible] municipalities to [illegible] [illegible] the Pembroke Electric Company. It would be a [illegible] [illegible] in a [illegible] of the name of the Ottawa [illegible] and in [illegible] the [illegible] [illegible].

[illegible]

place where there is a deficit.

THE CHAIRMAN: To make up a deficit in another place. We haven't heard from the places where the deficits are. I suppose in Peterborough there is a deficit from the Street Railway.

MAYOR O'REILLY: The gas plant had to be shut down.

MR. WATSON: I am merely suggesting that the other municipalities'- and I represent some of them who are not represented here, and who are not at present users of this power - interests be guarded.

THE CHAIRMAN: That is very important.

COMMISSIONER R.A. ROSS: It is desirable that one municipality should be put on exactly the same basis as any other municipality. Each municipality is on a purely economic basis, each one standing on its own feet.

MR. WATSON: If they will not jeopardise their rights both present and future, and if it will not give this present group any monopoly over power or price, a monopoly as against the other municipalities that are not at present in this group that are taking it over, why, I see no serious objection, but if that is the case I see no reason for them wanting it, except that advantage which could, I think, be accomplished in another way.

COMMISSIONER R.A. ROSS: I fancy you would be in exactly the same position as the rest of Ontario, and we have not heard of any complaints of discrimination against other municipalities. Every tub stands on its own bottom, so to speak, and it is the only reasonable way to do it.

MR. WATSON: I have no objection whatever to them buying out their local distribution plant.

COMMISSIONER R.A. ROSS: Everything would have to be pooled, of course, and power taken from that and sold at an equitable basis to each municipality, and, if necessary, supplemented from Niagara, or from the St. Lawrence System,

by such additional power as you have got to have almost immediately. If you don't have them united, it would be very difficult to introduce other powers than those that were in their ownership now, but being in the Hydro System, under the general Hydro rule, it is perfectly easy to bring in any other power and supplement that which is insufficient in theirs.

MR. WATSON: Well, that is all I have to say.

THOMAS TOOMS. (PETERBOROUGH)

MR. CHAIRMAN: I was requested to come up here by a large number of citizens of Peterborough who are interested in the matter of the municipalities taking over the Central Ontario Power System. They find there is such a lack of information in which they can deal with the matter intelligently that they secured a list of questions.

THE CHAIRMAN: Have you submitted them to the Commission? Are they questions to be answered by the Ontario Hydro Electric Power Commission?

MR. TOOMS: I think they could be answered by the Commission, provided they could be answered promptly, as they cover rather important matters.

I thought by bringing them before this Commission they would get proper recognition, and, therefore, they suggested I appear here and read them to this Commission, if it was in order.

THE CHAIRMAN: It is in order, if they are relevant to the inquiry.

MR. TOOMS: On Page 172, of the Annual Report of the Hydro Electric Power Commission, information is given showing the amount to be paid by about 9 municipalities as to the

[illegible] additional power so you have got to be a lot [illegible] [illegible]. If you don't have that, it would be very difficult to incorporate other provisions in the [illegible] here in these [illegible] now, but below the [illegible] under the general [illegible] rule, it is practically [illegible] to [illegible] in any other power and supplement that [illegible] by [illegible] in [illegible].

Mr. MACHON: Well, that is all I have to say.

FUTURE TOPIC: INTERCONNECTION

Mr. CHAIRMAN: I was requested to [illegible] by a large number of citizens of Pennsylvania who are interested in the matter of the consolidation taking place in Central Atlantic Power System. They find there is such a lack of information in which they can deal with the matter [illegible] [illegible].

THE CHAIRMAN: Have you considered them to be consolidated? Are they questions to be answered by the [illegible] [illegible]?

Mr. MOORE: I think they could be answered by the consolidation, provided they could be [illegible] properly, as they could [illegible] matters.

I thought by [illegible] from [illegible] they could put proper [illegible], and, therefore, that suggested I appear here and [illegible] to [illegible] [illegible] [illegible].

THE CHAIRMAN: It is in order, if they are [illegible] to the [illegible].

Mr. [illegible] of Pa. [illegible]

cost of power supplied. Why is not similar information given about all the 27 municipalities mentioned on page 82 of the Fourteenth Annual Hydro Electric Report, particularly Oshawa, Bowmanville, Port Hope, Cobourg, Lindsay, Belleville, Napanee and Kingston.

MR. STINSON: The answer to that, of course, is that the 9 that are mentioned are municipalities that own their distribution plant, and have contracts with the Hydro Electric Power Commission. The rest, such as Lindsay, Belleville and Oshawa, are only customers of the system, and we simply take power from them as customers.

MR. TOOMS: We would like the Hydro Electric Power Commission to answer those questions.

THE CHAIRMAN: Yes, it might be the best plan for you just to submit those questions to the Hydro Electric Power Commission. Mr. Gaby, will you be prepared to take them up and answer any questions they ask.

MR. GABY: Why, we will be glad if he submits the questions to take them up.

MR. TOOMS: We notice Peterborough is charged with a share of the capital cost, and under the statutes of Ontario the Government of Ontario is the owner of the Central Ontario Power System, and the people would like those matters explained, Mr. Chairman. They are rather vital questions.

THE CHAIRMAN: Mr. Gaby, who is Chief Engineer for the Hydro Electric Power Commission, says they will give you all the information as to this that is at their disposal and that if they don't give it to you then you come to us again, but I have no doubt they will do their best to answer the inquiries.

MR. GRAHAM: I would like to hear from Mr. Gaby and Mr. Ireland, or some of the Hydro officials, as to what they have got to say in regard to this water trouble last summer.

THE CHAIRMAN: I was just going to ask as to that, Mr. Graham. Mr. Ireland, have you anything to say?

MR. IRELAND: I would like to suggest, Mr. Chairman, that Mr. Gaby answer that question.

THE CHAIRMAN: You heard, Mr. Gaby, what Mr. Graham said about the shortage, and the difficulties they had.

MR. GABY: That is a very large order, Mr. Chairman. Thr whole difficulty in connection with the water shortage is rather an involved question, but the situation is this: The control of the waters on the Trent System was entirely under the jurisdiction of the Department of Railways and Canals. They entirely control those waters to maintain certain levels which they have set for navigation purposes, and if they vary from that, no matter what the reason may be, that immediately curtails the water supply to us.

During conditions last summer the waters were lowered on Rice Lake, for a considerable time. They had allowed the water to waste and reach a certain low level which resulted, without notice to the Commission, in a very large curtailment of the water. We did not know of those conditions for some 24 to 48 hours afterwards, and that reduced the reach on Healey Falls.

THE CHAIRMAN: Isn't it customary to get in touch with them to know whether or not they are cutting it down ?

A--We keep in touch with them as much as it is possible to do. Of course, these locks cover a considerable length of canal, and the instructions are given without notice, in many cases, by the Department of Railways and Canals to their men to carry out certain operations, and, in many cases,

we don't know until after the operation has been completed.

It is our endeavour to keep constantly in touch with the Department of Railways and Canals, and their operation of these waterways. We have made representations from time to time, and I believe that the Department have endeavoured, in the last few months, to give better cooperation. They have employed Mr. McRae, of Ottawa, a consulting engineer, to investigate certain gauging stations and the possibility of utilising certain storage waters on the reaches of the Trent Valley Canal. He is, at the present time, making a report, on which the Commission are paying half and the Dominion Government half, so that we can get better cooperation in the future. We have asked for additional cooperation on other matters, which they haven't seen fit to grant us, as yet.

Q--Will the cooperation which you are now having have an effect of lessening the chance of shortage in the future?

A--Well, it isn't quite complete. Mr. McRae's report isn't complete yet. It hasn't been before the Commission or the Government, and we are not in a position to say anything definite as to that, but we hope that we will have satisfactory cooperation between the Department of Railways and Canals and the Hydro Electric Power Commission.

As to the shortage last year, I say it was entirely due to the cutting-off of the waters on the Rice Lake for a considerable time. They had allowed the water to waste and reach a certain low level, and until the level was reached that they desired to maintain they curtailed the water to the power plants on the Central Ontario Power System. When that legel was reached again, we had sufficient water to operate our plants.

Q--You have heard what Mr. Graham said about the municipalities not having an enforceable contract so that

they might recover damages in the event of the supply in reserve for them not being available?

A--They have enforceable contracts, but that contract provides that in case of shortage which is beyond the control of the Commission they have no redress. We do not provide insurance to take care of such contingencies as that, in case it is beyond our control.

Q--They have an enforceable contract then except in matters that are beyond your control?

A--So far as interruptions and that sort of thing are concerned. They have a contract which they can enforce in the Courts.

Q--Mr. Graham says you have been selling power to everybody and not leaving enough for him?

A--When the supply was normal we were able to supply all our customers, even without Ranney Falls. After Ranney Falls was available it reduced the shortage to some extent, or, I might say, if Ranney Falls had been available at that time it would have reduced the shortage to some extent on the various systems, although I doubt even with the curtailment that we had at that time whether it would have been able to take care of the shortage.

Q--You had had shortages before?

A--Very slight.

Q--Knowing those things were likely to occur from time to time, Mr. Graham says you have made new contracts, and if you hadn't made those new contracts the supply that you had available might have been sufficient to supply the municipalities and manufacturers that were formerly taking the power?

A--We had provided means to take care of the additional requirements, in view of the construction of Ranney Falls, that is, we had provided additional capacity at Ranney's to take care of any additional contracts which we had

Q--Of course, Ranney's wasn't available at the time of the shortage last summer?

A--It wasn't available. They hadn't the right to use the water.

Q--In a sense, it wasn't available, in fact, you were not able to use it?

A--On account of the dispute.

COMMISSIONER R.A. ROSS: Q--What chance is there to get a supplementary water supply from the tributaries?

A--There is considerable. The Commission have carried on investigations for a number of years and there is considerable, relatively, as far as that system is concerned.

Q--On the lower plants only?

A--Maybe from Healey Falls down, that is practically all the main plants on the Trent System. There is only the Auburn Development and the Otonabee above that.

Q--Is there storage enough in the main storage areas at the head of the river to take care of the prospective users in that district?

A--Not at present, no.

Q--But there are some storage areas there?

A--Yes.

Q--And these storage areas are in the hands of the Government?

A--Entirely in the hands of the Government.

Q--And the Government look upon those as being for navigation purposes and not for power purposes? Is that mainly the attitude they take?

A--I think their viewpoint is this: that if they have sufficient storage for the purpose of navigation, if there is additional storage necessary to obtain in these districts, the power interests should bear the additional capital expenditure in connection with same.

[illegible]

[illegible] available. They [illegible] the right to use the [illegible]

[illegible]

[illegible]

MONTMORENCY A. ROSS: Question chosen in terms of [illegible] supplementary water supply from the [illegible] [illegible] to constitutionally. The commission have [illegible] [illegible] for a number of years and there is considerable [illegible]

[illegible]

[illegible] from [illegible] Falls [illegible], that is [illegible] [illegible] main plants on the Trent System. There is only the [illegible]

[illegible] these storage [illegible] in the main storage [illegible]

[illegible]

[illegible] at present, [illegible]

Question [illegible] [illegible]

[illegible]

Should these storage areas [illegible] in the hands of the [illegible]

[illegible]

[illegible] entirely in the hands of the Government.

[illegible] the Government [illegible] upon them no doubt the [illegible] [illegible] purposes [illegible] not for power purposes. In that [illegible] [illegible] attitude [illegible]

[illegible] [illegible] their [illegible] is [illegible] that if they [illegible] [illegible] storage for the purpose of [illegible], [illegible] [illegible] additional [illegible] [illegible] to obtain in [illegible] [illegible] power [illegible] [illegible] the additional [illegible] [illegible] [illegible] in [illegible] with [illegible].

Q--They maintain an 8 foot draught up to Peterborough, don't they, and 6 feet beyond that? don't they?

A--I am not sure as to that.

THE CHAIRMAN: What is the use of having an 8 foot draught up to Peterborough and only 6 feet beyond that? If you get through with 8 feet at Peterborough you won't get through any of the others above, so they set the standard, don't they?

A--They do.

COMMISSIONER HANEY: Q--Wouldn't there be heavier traffic on the canal from Peterborough down than above?

A--I am not familiar with that.

THE CHAIRMAN: Q-- What is this traffic on the Trent Canal that we hear all about?

A--It is mostly motor boats.

COMMISSIONER HARRIS: What is the value of the Trent Valley Canal, as a navigable proposition?

COMMISSIONER HANEY: Political.

COMMISSIONER HARRIS: It seems the expenditure on the Trent Valley Vanal started about one hundred years ago?

A--Yes.

Q--And it was purely for navigation purposes. Of course, the canal was constructed for navigation purposes, the money was spent for that purpose, and now the question comes in: Why should the Hydro come in and want to borrow the Dominion Government and get that water for power purposes?

A--I think it has been a big source of revenue to the Government in the last few years.

COMMISSIONER R.A. ROSS: It has served its purpose.

COMMISSIONER HARRIS: How much power could be developed on the Trent Valley Canal if navigation was lost sight of entirely?

A--I don't think we have gone into that yet carefully enough to give any degree of accuracy what the maximum would be, but it would mean a tremendous difference to us to be able to use Rice Lake storage for weekly load factors.

THE CHAIRMAN: Q--I gather from what you say that you think its value for power purposes is much greater than its value for purposes of navigation?

A--That would be our opinion.

COMMISSIONER R.A. ROSS: If it was turned over for power purposes alone, that would enable the Government to start a new canal, wouldn't it?

COMMISSIONER HARRIS: Would the Hydro Electric Power Commission be willing to pay the Dominion Government all that they have spent on the Trent Valley Canal for navigation purposes?

MAYOR O'REILLY: Mr. Chairman, would you ask Mr. Gaby about the surpluses, where they come in.

THE CHAIRMAN: Oh, yes, the power surpluses.

MR. GABY: You mean the surpluses on the different municipalities?

MAYOR O'REILLY: Yes.

A--Well, we have certain statements here on the operation of these various municipalities. What I think Mr. O'Reilly is referring to is the statements of municipalities which show surpluses, and so forth, in their operations during the present year.

THE CHAIRMAN: We were intending to go into that question a little later.

MR. GABY: I think you had better leave that till the end of the year. It is only an estimate at the present time.

THE CHAIRMAN: We shall be taking that up later with the Hydro, Mr. O'Reilly, and we will find those surpluses

if there are any.

MR. GABY: Practically all of the 15 municipalities that are customers of the Commission expect to show surpluses, and two or three of the small ones all show surpluses. The gas plants are now being placed in operating condition, and they will carry those along in their surpluses.

THE CHAIRMAN: Mr. Gaby, I don't think we quite finished hearing you on those reserves up the river. Do you think, from your knowledge of the engineering difficulties, or engineers' costs, that it would be desirable to expend money in creating reserves up there, and also in building additional power plants at those points where we are told they might be constructed?

A--I feel that is the most economical thing, as far as the Trent Valley is concerned.

Q--Supposing you have to bring Niagara power in, and it seems likely you will have to in time, won't the additional power you would get over that line be cheaper than if you had to develop those small plants on the Trent River?

A--I don't think so, for instance, with not a very large capital expenditure certain storage facilities could be provided there that would mean a considerable increase in the capacity of the present plants.

COMMISSIONER R.L. ROSS: You have, in your present plants, provided nearly 50 percent over capacity in machinery?

A--Yes.

Q--So that there would be no extra cost there provided you could get more water?

A--Yes.

Q--Simple storage would give them the whole thing?

A--Yes.

Q--The power plant is there. Do you know what the

Government spent on that canal?

A--I really don't know.

Q--I understand that the interest runs to about ninety millions?

COMMISSIONER HANEY: Not over seventy, I don't think.

MR. GABY: I don't know just exactly what the figures are. I haven't looked at them recently at all.

COMMISSIONER HARRIS: They are only charging you 5 percent on the amount of money they actually spent on the part you are using?

A--There is, in addition to that, the cost of acquiring those properties above the dam, the cost of the dam, and preparation and cost of the works of the canal, that is, the increased cost of that canal work.

Q--Required for your purpose?

A--Required for this purpose, the dam, the increased cost of the canal plus the acquiring of the riparian rights above the dam.

Q--They are charging you 5 percent on $350,000.00?

A--Oh, a great deal more than that. We are paying $24,000.00 a year there.

Q--Is that rental for water?

A--Rental for water, plant and water.

Q--On their actual construction work . I think my recollection is that it is 5 percent on $320,000.00?

A--Yes. In addition to that there is the acquiring of the riparian rights above the dam, and also the sum of $200,000.00 for acquiring the riparian rights below the dam, and the water power at Ranney Falls.

Q--If you had had to construct those dams yourselves, it would have cost you that much, wouldn't it?

A--I don't think it would. As a matter of fact, I think we could probably have constructed them much cheaper ourselves. The annual charges wouldn't have been $24,000.00

a year, that is, as far as the construction is concerned. Of course, we might have done something different -

Q--$24,000.00 at 5 percent would only be a little over $400,000.00?

A--$480,000.00.

Q--About half a million dollars?

A--That is very nearly 50 percent of the cost of our development.

COMMISSIONER HANEY: Q--Do you pay them a rental on the water you use, or the power you develop, or interest on the investment?

A--No, it was simply a certain amount based on a certain development of horsepower there. Approximately $4.00 per horsepower is what we pay at the present time.

Q--Is that all on the water horsepower or on the consumed horsepower?

A--No, that is paid on the water horsepower, the estimated water horsepower based on a certain number of feet.

COMMISSIONER R.A. ROSS: Q--That is, you pay so much a year, a flat amount?

A--A flat amount per annum, about $24,000.00 a year.

COMMISSIONER HANEY: Q--That would be 6000 horsepower they charge you for?

A--6000 horsepower, that is about correct for the 1400 cycle feet which they control.

THE CHAIRMAN: Q--You say you pay $24,000.00. I understood you to mention $4.00 a horsepower?

A--Well, that is less than $6000.00 It is water and their charges on any construction which they put in that would be used in that development. We do not know how they arrived at the matter in detail. It was simply set by the Department of Railways and Canals.

Q--How much do you pay them altogether?

A--Oh, it will amount to nearly $65,000.00 altogether.

Q--That would be about $2.00 a horsepower?

A--Well, it is $2.00 a horsepower.

Q--You still have 30,000 horsepower?

A--Our maximum peak runs around 30,000 horsepower.

Q--So it amounts to about $2.00?

A--Our average would run less than that, somewhere around 24,000 over the year.

Q--You heard, Mr. Gaby, what was said as to the maintenance of a power shortage there unless further development is carried on, and that within the next three years it would be impossible to develop enough power in Central Ontario to provide for the horsepower required. How would you propose to provide for further horsepower?

A--The applications have been made by the Commission already for dams 8 and 9 that would give us in the neighborhood of 10,000 horsepower.

Q--We are told that even if you do develop those dams that, in three years, you won't have enough power to supply the great demand in Central Ontario?

A--That would just depend if the growth increases any more rapidly than it has in the past few years, or if it increases as rapidly in three or four or five years we will not have a sufficient development on the Trent.

Q--Where will you get it?

A--That is a question that has not been decided, as to how we will handle the situation there. It may be from the eastern system, or it may be from the western system, that is, we may make arrangements to connect up with the Niagara System in case of shortage in that system, provided that system hasn't sufficient development of its own, and, in the future there is the possibility of the development of the St. Lawrence.

Q--When you say the eastern system, what do you mean?

A--Well, we have, at the present time, the St. Lawrence system, a problematic arrangement with a company down there, from 15,000 to 20,000 horsepower.

Q--What company?

A--The Cedar Rapids Transmission Company.

COMMISSIONER HANEY: Alsted is going to use that for his pulp now?

A--Oh, the Cedar Rapids power?

Q--Yes?

A--He is going to put his pulp mill in at Montreal now?

THE CHAIRMAN: Q--But that is all you have to look to in the east, that possibly 15,000 horsepower there, which, of course, may or may not take place?

A--Yes. It seems to be the most logical source of power for the Central Ontario Power System, that is, the development of the St. Lawrence on the east.

Q--Of course, it is a very big undertaking?

A--But from the information that is available, apparently there is a market for any power that could be developed at that site, provided it could be used temporarily on the American side.

MR. GRAHAM: I understood Mr. Gany to say that our trouble last July was caused chiefly from the waste of water on Rice Lake by the Dominion Government authorities?

A--Well, I did say this, that previous to the time of the shortage water was wasted over the weirs of the canals, and that the levels of Rice Lake were lowered considerably, and the dams were closed until those levels reached the maximum desired by the Department of Railways and Canals, and set by them for navigation purposes. When that maximum or that level was reached, that water was again delivered to the Commission, and it was sufficient to take care of the power situation.

Q--But, in the meantime, what representations were made, if any, to the Dominion Government about this wasting of water in Rice Lake?

A--Previous to that time?

Q--Yes?

A--They had the information before them as to what the actual flow of the river was. They knew that there was certain wastage. They have records the same as we have, and the matter was drawn to their attention that such wastage was occurring, as far as those sites were concerned, but we have no right or control over such a situation.

Q--Well, isn't it quite reasonable to suppose that that same thing would occur again?

A--We hope not. We hope there will be such good cooperation between the Commission and the Government that there will be better regulation, and we will have more notice of what is going to occur, as far as regulating those dams is concerned.

Q--Have you any means, or do you employ any means to advise yourselves as to what really is going on in this place?

A--We have our own gauging stations, and we are now arranging to have cooperative gauging stations. We have our own operators in continuous touch with the situation, so far as flow is concerned. We also have a special engineer who does nothing else but watch and study the flow, and the storage conditions on the Trent System.

Q--And you hope that the cooperation you have now arranged for will remedy that?

A--We hope so, yes.

Q--You have no assurance?

A--Other than that we have discussed the matter with the Department of Railways and Canals, and they appear

[illegible]

[illegible]

[illegible]

A--They had the information before them as to what the actual flow of the river was. They knew that there was certain seepage. They have records too same as we do, and the matter was given to their attention that such seepage was occurring, so far as those sites were concerned, but we have no right or control over such a situation.

Q--Well, isn't it quite reasonable to suppose that the same thing would occur again.

A--We hope not. We hope there will be some real cooperation between the Commission and the Government. This is not in the better negotiation, and we will have [illegible] to be going to court, unless we [illegible] cooperation.

Q--Have you any reason, or do you anticipate any reason to believe yourselves do to what [illegible]

[illegible]

[illegible] to have cooperative [illegible] [illegible] our operators in connection [illegible] [illegible] who does nothing else but return and [illegible] conditions on the Trent [illegible]

Q--And you hope that the cooperation we have [illegible] arranged for will really take?

[illegible]

[illegible]

A--Yes, I do. [illegible]

[illegible]

willing to co-operate with the Commission in endeavouring to obtain better conditions and flow on the Central Ontario System.

Q--We heard a great many reports as to the difficulties and differences, whether it is political, or whether it is because of animosity between the people who are developing the power and the people who own the power we do not know. Could you give us any light on that subject ?

A--Well, the principal differences have been as to measurement of flow. The Department of Railways and Canals, in our opinion, have lacked proper facilities for gauging the waters of the Trent System, and we have differed with them as to what the flow at various times has been. We have automatic gauging stations, and we hope that the negotiations going on now, and the investigations being made by the Consulting Engineer, will result in us getting into closer harmony in connection with the gauging on the Central Ontario System.

Q--Well, then, do you think that the manufacturers can safely depend upon their power contract under existing conditions for continuity of supply ?

A--Well, as far as we are concerned, we will deliver the power without any contingencies occurring such as last July, and we expect, and hope, that there will be better co-operation in the future.

Q--Well, what remedy would you suggest to us who are consumers to protect ourselves against a similar difficulty?

A--The only remedy I can see would be representations to the Dominion Government that there should be close co-operation between the two parties.

Q--Well, if the Dominion Government give you all you desire, then you would be willing to give us an enforceable contract? A--Well, you have an enforceable contract, in my mind, as far as interruptions, and shortage of power due

willing to co-operate with the Dominion in order to
to obtain better conditions and flow on the Columbia Columbia
river.

Q--We heard a great many reports of the difficulties
and differences, whether it is political, or social. It is
because of animosity between the people who are in charge
the power and the people who are the users so do you think
Could you give us any light on this subject?

A--Well, the national differences have long
measurement of flow. The Department of Railways and Canals,
in our opinion, have lacked proper facilities for gauging
the waters of the Fraser System, and we have differed with
them as to what the flow at various times has been. We have
automatic gauging stations, and we hope that the negotiations
going on now, and the investigations being made by the
Consulting Engineer, will result in an getting into a better
memory in connection with the handling of the Fraser
River Waters.

Q--Well, then, do you think that the Provincial Government
[illegible] power [illegible]
conditions for continuity of supply?

A--Well, so far as we are concerned, we will deliver
the power without any conditions. Everything [illegible] is
fair, and we expect, and hope, that there will be better
co-operation in the future.

Q--Well, what remedy would you suggest to us who are
concerned to protect ourselves against [illegible] conditions?

A--The only remedy I can see would be regular conferences
the Dominion Government but there should be some [illegible]
operation between the two [illegible].

Q--Well, if the Dominion Government [illegible] you [illegible]
service, then you would be willing to give up [illegible]
control of [illegible] A--Well, I am here as [illegible]
my mind, as far as interprovincial [illegible]

to interruptions of flow of water, and to dry seasons, and things of that kind, we cannot protect you against those.

Q--Last season wasn't a dry one ?

A--That was a matter that was beyond our control too.

Q--Then our remedy is in the Dominion Government?

A--To have them assist in securing better co-operation,yes.

Q--Well, would that mean that you or your company would want absolute control of the water ?

A--Not necessarily. All we want is an equitable control and use of the waters on the Trent.

Q--And if you had that then you think the contract we have is an enforceable one ? A--I think so, I always thought your contracts were enforceable.

Q--Well, there seems to be a difference of opinion about that ? A--Of course, many things happen over which we have no control, the Acts of God. Strikes and other things may occur.

Q-We are willing to take chances on the Acts of God and the King's enemies, but we are not quite so willing to take chances on what the Hydro or the Dominion Government might do?

A--I assure you, as far as the Commission is concerned, we will certainly deliver power to you if it is at all available from the waters on thr Trent System.

THE CHAIRMAN: Do you think there is a reasonable possibility, in the near future, of being able to get a supply of power without interruption ? A--I think so,yes. I think we will get better co-operation.

MR. GRAHAM: It is a very serious thing to capital?

A--I appreciate it. We went through it in 1920, and also in July of this year, and we know what it means as far as the industrial activities of the Province are concerned.

Q--We have industries now that are willing to go to Belleville, but not under existing power conditions,because we cannot assure them of a continuous supply of

power.

THE CHAIRMAN: Q--You see the disadvantages it places municipalities under ?

A--We quite appreciate that .

Q--And the desirability of remedying the situation as quickly as possible ?

A--The Commission have made every effort to do that, and we are endeavouring to continue that, to try and get closer communication so that we may get the maximum amount of power from the waters on the Trent System, consistent with the maintenance of proper navigation.

COMMISSIONER J. ALLEN ROSS: In regard to that trouble last July, I understand that there was not the co-operation then that there is today. I remember the Dominion Government appointed an engineer to look into it, and he brought in a report that there was a lack of foresight on the part of the Hydro in watching the evaporation and the height of the water at Healey Falls. Now, since that time, you have adopted measures, you have put an engineer in charge there to do your own measuring, and make your own observations ?

MR. GABY: As far as that statement is concerned, it is not correct, and not in accordance with the facts. Our engineer has been there for a good many years. That report is not true, and not in accordance with the facts. The evaporation on Rice Lake, and those things are entirely under control.

Q--I understand that, but were you in touch with the Government's engineer, or whoever made the measurements, to show the actual conditions at Healey Falls, or on Rice Lake?

A--Our engineers have been on the job for years doing nothing else but watching these conditions, and keeping in touch with the Department's engineers, or those

who control the gauging stations, or locks, or waters on the Trent System. This is not a new thing, as far as the Commission is concerned, to have an engineer watching those things, because he has been there almost since we commenced operations.

Q--Well, then.what is the difference in to-day's situation from that of last July? A--The difference is this, that we had those difficulties and we placed the matter clearly before the Dominion Government as to the responsibility in connection with it. They protected, of course, their men as well as they could, but we stated that there should be better co-operation, and more co-operation, and, in order to get that, we requested that they appoint some outside body to see that we would not have the same trouble as we have had in the past in connection with gauging the waters on the system. We have always maintained they had not proper gauges, and that they were not able to give us satisfactory results. Those representations were made very seriously to the Dominion Government, and a Consulting Engineer was appointed by the Commission and the Dominion Government to look into those matters and prepare a report as to where the gauging stations should be located.

COMMISSIONER R. A. ROSS: Vigorous representations were made to the Dominion Government last summer ?

A--Yes.

Q--They probably have had more effect on the Government than all you have said in the last ten years?

COMMISSIONER HARRIS: Q--Have you made your arrangements definitely with them as to the terms under which you shall operate at Ranney Falls ? A--Oh, yes. That lease was signed on July 24th this year.

Q--Did you ever negotiate that matter with them ?

A--That matter has been under negotiation for several years.

MR. GRAHAM: Q--Why wasn't it completed before this thing was into its difficult state ?

A--I don't know that that is any fault of the Commission. Their excuse in the first place was that the Chief Engineer who was responsible for these things was away ill for a great many months, and then after he did return he drew up a draft agreement which we did not receive until May of 1922. That agreement was not satisfactory and, therefore, negotiations had to be started with the Department to try and get an agreement which would be satisfactory.

Q--Why would you go to a big expense for development without having a contract with the Department ?

A--We were informed that we could go on subject to entering into a lease at a later date. The matter was discussed and arrangements made with the Government.

Q--It looks like bad business ? A--I wouldn't say so, because we thought we were dealing with the Government, and we had a certain understanding with them, as far as these waterpowers were concerned.

COMMISSIONER R. A. ROSS: Q--Supposing you had waited to build your plant until you had an arrangement with the Government, would the power have been available today ?

A--No, sir, fifteen months to place it in operation.

COMMISSIONER HANEY: Mr. Gaby, in the case of low water can such a condition occur as occurred this last summer, and two or three years ago, and should such a condition occur you will not have sufficient water to serve your customers, even with the conservation that you think can be brought about by the co-operation of the engineers. As a matter of fact, aren't you oversold ? A--No, sir.

Q--At the low water stage ? A--No, sir. You see, the low water stage on that river is about 1100 cycle feet.

Q--With the present storage ? A--With the present storage,

[illegible]

MR. [illegible]: [illegible] wants to [illegible]

[illegible] was that the [illegible] stage?

--I don't know that it was [illegible]

[illegible] was responsible for these [illegible]

many months, and then after [illegible]

agreements which we did not receive until [illegible]

That agreement was not satisfactory and, [illegible]

negotiations had to be started with the [illegible]

and get an agreement which would be satisfactory.

--Why would you be a little [illegible]

without having a contract with the [illegible]?

A--We were informed that we would be [illegible]

[illegible] at a later date. [illegible]

[illegible] made with the Government.

--It looks like [illegible] balance [illegible]

[illegible] a more dealing with the [illegible]

[illegible] understanding with [illegible].

[illegible]

COMMISSIONER A. A. LUDD: Q--[illegible]

[illegible] your plant until you had an agreement [illegible]

Government. Could the power have [illegible]

A--No, sir, Hilber [illegible]

COMMISSIONER [illegible]: Mr. [illegible]

[illegible]

[illegible] two or three years ago, and should [illegible]

[illegible] you will not have satisfied [illegible]

[illegible], even [illegible]

[illegible] by [illegible]

[illegible] A--[illegible]

[illegible] A--[illegible]

[illegible]

yes, except extreme years when you have extreme droughts. They haven't occurred very frequently, we have had none.

Q--Owing to the increasing demand for power your peak has gone up to 32,000 as against 24,000 or 25,000 a couple of years ago ? A--In order to meet that, we are going ahead with additional development on the Trent.

Q--Are you going ahead with some further development now?

A--Yes. We are arranging to go ahead with Dams 8 and 9.

COMMISSIONER R. A. ROSS: Q--What heads have you got there ?

A--27 in one and 35 in the other.

Q--About 10,000 h.p. ? A--About 10,000 h. p.

COMMISSIONER HANEY: Q--What will that cost ?

A--I haven't final figures.

Q--Two and a half millions ? A--No, they won't cost that much. About 10,000 h.p. would cost us probably in the neighborhood of a million and a half.

Q--You spent a million at Ranney Falls ?

A--We spent about $1,150,000.

Q--And you have got 10,000 h.p. ? A--Maximum development, 10,000. Of course, a great deal of the work there has already been built. The sub-structure was in.

Q--Done by you? A--No, by the Department of Railways and Canals.

MR. GRAHAM: Q--1 and 4, would that cost more ?

A--Yes. The heads are much lower. The sub-structure here, part of it, is already arranged for at Dams 8 and 9.

THE CHAIRMAN: Q--Where is the money coming from to do this work ?

A--The same place that we got it before.

Q--That would be the Ontario Government ?

A--The Ontario Government, yes.

Q--Have you already submitted your requisitions for that?

A--In part. As soon as our estimates are completed, we

[illegible]

will have to ask for further requisitions for next year.

Q--Have you received the approval of the Government ?

A--Only insofar as it necessary to go ahead with the engineering, and things of that kind. We have asked for that.

Q--Whether or not you go on with this would be dependent, in one respect at least, on the approval of the Government?

A--As to whether appropriations are provided for it, yes.

COMMISSIONER R. A. ROSS: Q--Why has Burleigh Falls not been developed ?

A--A very small head, very small capacity.

COMMISSIONER HANEY: The only thing is the relative cost of developing those small powers on the Trent River and not introducing the Niagara power ?

A--It would be very much more economical to increase the storage, and to build those small powers, the majority of them, on the Trent River, rather than buy power from the Niagara system.

Q--You have gone into that sufficiently far to make that statement ? A--Yes. We know what the cost of high tension is, and what it would cost to transfer to 60-cycle and transmit to the Oshawa district.

Q--Would it cost more to transfer to 60-cycle than it would to push out the 60-cycle motors and introduce 25-cycle motors ? A--It would.

Q--And then get a salvage out of the 60-cycle motor ?

A--There is another condition you have got to think of, that is, the regulation on these lines, and also the additional source of supply, that is, you have got two sources as far as Oshawa is concerned, 60-cycle coming from the Trent System, and 60-25 combination coming from the Niagara System.

c Q--Niagara is sufficient if you had it there?

A--The whole system may be parallelled, and the difficulty would be one of regulation, and proper transmittal of power from one system to the other.

Q--I was speaking of the difference in the cost ?

A--The difference of cost only ?

Q--Yes, the difference in cost between pushing out,- in the first place, reaching Oshawa with 25-cycle from the Niagara System, and then pushing out the 60-cycle motors ?

A--As a complete proposition ?

Q--As a complete proposition, and then going on to Peterboro, if you like, and using the 60-cycle for the balance of the system. You have the wires, and then taking a salvage proposition on the 60-cycle motors which you have there ?

A--Well, I think, taking everything into consideration, all the changes that you would have to make, that in all probability it would be cheaper to put in the frequency changers. We haven't gone into the matter in detail.

Q--It would be most interesting to determine the number of motors that you would have to change, and the cost in Oshawa, Peterboro , Whitby and other towns along the line?

A--I think, sir, there are other things that would come in.

Q--But this is the first step ? A--You mean, you might push your frequency changes further on?

Q--I don't know, I would push the other motors out.

COMMISSIONER R. A. ROSS: Q--Supposing that you have a line extended that distance, wouldn't you have to put on rotary condensers anyway ? A--Yes, in all probability, to get proper regulation.

Q--Then you could combine them with your frequency changer, and have the whole thing ? A--Yes. We have,

Q--Figures is sufficient upon [illegible] ?

A--The whole system may be paralleled, and the difficulty would be one of regulation, and proper transmission of power from one system to the other.

Q--I was speaking of the difference in the cost ?

A--The difference of cost only ?

Q--Yes, the difference in cost between putting out, in the first place, running Subway with 25-cycle from the Niagara system, and then putting out the 60-cycle [illegible]

A--Is a complete proposition ?

Q--As a complete proposition, and then going on to Peterboro, if you like, and using the 60-cycle for the [illegible] of the system. You have the wires, and then taking a [illegible] proposition on the 60-cycle motors which [illegible] share ?

A--[illegible]

[illegible] all the changes that you would have to make? [illegible] probably it would be cheaper to put in the [illegible] changes. We haven't gone into the matter in detail.

Q--It would be most interesting to determine the number of motors that you would have to change, and the cost [illegible]

A--I think, sir, there are other things [illegible] would [illegible]

Q--But this is the first step ? A--[illegible] you [illegible] your frequency change [illegible]

Q--I don't know, I would put the [illegible]

[illegible] Q--[illegible]

Line extension that distance, wouldn't you have to put in [illegible] rotary condensers [illegible] ? A--Yes, it will probably [illegible] to put proper regulation.

Q--Then you could combine that with [illegible]

[illegible] the whole thing ? A--Yes. In fact, [illegible]

at the present time, rotary condensers on the line leading into Toronto, and, as Mr. Ross points out, those machines could be also used for the purpose of frequency changing.

COMMISSIONER HARRIS: You haven't any relief from the electric development power line ?

A--In what way, sir?

Q--There is the 60-cycle ? A--No, there is the 25-cycle, the same as the Commission's. They had some 60-cycle, in a very small area, within certain districts within the city of Toronto, just a few places for frequency changes.

Q--Their transmission lines are all 25-cycle ?

A--Yes, and practically all their distribution is 25-cycle.

COMMISSIONER R. A. ROSS: Only in the city ?

COMMISSIONER HARRIS: But not all over the city.

A--Oh, no. It was due to the fact that, under the old system, they had 60-cycle in the steam plant, and they had to parallel one system with the other, therefore, they put in frequency changes.

COMMISSIONER HANDY: Mr. Gaby, at a later daye, probably in this inquiry, I think the Commission would be interested in having definite figures as to the comparative costs of developing the power along the Trent, and putting in the frequency changes, and the condensers, as you suggest, in order that you might either develop the power on the system, or introduce the Niagara power into the system ?

A--Yes. I hope you don't ask us to find out what it would cost to change all the motors in the district.

Q--That wouldn't take very long, I could do that myself. Mr. Ireland knows every motor that is installed in Oshawa.

MR. IRELAND: That is a pretty big matter.

COMMISSIONER HARRIS: I think it would be rather

interesting also to have figures showing how much power could be developed from the Trent system if they use it irrespective of any navigation rights, and if you did use it all, how much water would there be for navigation?

A--Well, really it doesn't affect navigation very materially, because when our shortages occur it is usually in the fall of the year.

Q--It does seem too bad to keep the water in that canal for navigation purposes only? A--Yes, it does.

COMMISSIONER HANEY: The fact of keeping the water up for navigation purposes wouldn't affect your power very much. It is your storage. If you were unable to draw from your big storage on account of the conditions as previously described by you that would affect you materially, and cause a shortage ?

A--There is no doubt about that, Mr. Haney. There are many things to contend with.

Q--Would it be expensive to increase the storage on Rice Lake ? A--That is a pretty big order too. We would have to find out what the cost is for flooding rights and riparian rights.

Q--I am advised that, on the upper storage there is very little opportunity. The momont you raise the water to any appreciable extent it flows into other areas. I am speaking of this up by Balsam Lakes, the head waters.

A--We believe that there is considerable.

Q--Of course, you don't need very much to give you a large quantity of water. I think it was a tenth of a foot per day, or something of that kind, that was the figure given two or three years ago that would supply sufficient water to restore the shortage that you had at that time during that exceedingly low-water period ? A--Yes. That was on Rice Lake you are referring to.

interesting also to have figures showing how much power could be developed from the Grant system if they use it [illegible] any navigation rights, and if you did use it [illegible] much water would there be for conservation?

A--Well, would it [illegible] materially, because when the shortages occur it is usually in the dead of the year.

Q--[illegible] navigation purposes only [illegible]

COMMISSIONER HANEY: The fact of keeping the water up for navigation purposes wouldn't affect your power very much. It is your storage. If you were unable to draw from your big storage on account of the conditions as previously described by you that would affect you materially and cause a shortage?

A--That is [illegible] many things to contend with.

Q--[illegible] Pine Lake? A--That is a pretty big country. We would have to find out what the cost is for flooding rights and riparian rights.

Q--I understand that, on the other hand there is very little opportunity. The moment you raise the water to any appreciable extent it floods into other areas. I am speaking of this up by [illegible]

[illegible]

[illegible]

[illegible] water to recover the shortage [illegible]

[illegible]

Q--No, I am referring to the upper storage, one-tenth of a foot per day from that storage would be sufficient to supply the water that was required to give the customers all the power they needed ? A--Yes.

Q--And that water was being stored at that time, not that the Department needed it for navigation then, but on account of the possible shortage in the following spring.

COMMISSIONER HARRIS: You mentioned Crow River, Mr.Harity?

MR. HARITY: Yes.

COMMISSIONER HARRIS: That river runs north back of Hastings, doesn't it ?

MR. HARITY: Yes, It has tributaries all over Hastings, some in Peterboro and Haliburton. I was 100 miles north of Belleville about a month ago.

COMMISSIONER HARRIS: Is its source back that far ?

MR. HARITY: Yes.

Q--What kind of land does it run through up there ?

A--Absolutely worthless for agricultural purposes.

COMMISSIONER HANEY: Unless you wanted to flood it.

MR. HARITY: There is very little land there, it is mostly swamp and bog.

COMMISSIONER HANEY: There are valuable minerals up in that country.

MR. GRAHAM: I have some land up there, and I would be delighted to turn it over to the Hydro for a very nominal sum if they will only guarantee me a continuous supply of power.

I would like to ask Mr. Gaby the cost of the development of the Chippawa. Isn't it $150 a horsepower ?

THE CHAIRMAN: We haven't come to that, yet.

MR. GRAHAM: Well, I thought perhaps it was pertinent in connection with this, because he said this development was going to cost us $150 a horsepower, and if we were

considering the advisability of bringing Niagara power across to Oshawa would that mean that that power would be developed cheaper than this ?

THE CHAIRMAN: I think you had better postpone that question to a later date. If you had to get the power from Niagara to the Central Ontario Power System, would the Central Ontario have to pay part of the cost of the transmission line between Toronto and Niagara, Mr. Gaby ?

A--It would have to pay the whole of it, if it used it only for its own purpose.

Q--You have lines at the present time carrying power to Toronto, I mean, between Toronto and Niagara ?

A--They would only have to bear their share.

Q--They would have to pay the whole cost from Toronto to Oshawa, and a proportion of the cost from Toronto to Niagara?

A--Yes.

Q--And if they can get more on from Toronto, or between Toronto and Oshawa, their contribution to that cost would be reduced ? A--The total cost per annum, their contribution would be the same, but the cost per horsepower on account of the larger number of horsepower would be less.

THE CHAIRMAN: I have a letter here from Mr. R.R.Hall, of Peterboro, in which he asks a number of questions. I think we shall have to pass it on to you, Mr. Gaby.

We will now adjourn.

This concluded the sittings on the Central Ontario Power System, and the Commission adjourned sine die.

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A--It would have to pay the whole of it, if it used it only for its own purpose.

Q--You have lines at the present time carrying power to Toronto, I mean, between Toronto and Niagara ?

A--They would only have to bear their share.

Q--They would have to pay the whole cost from Toronto to Ottawa, and a proportion of the cost from Toronto to Niagara ?

A--Yes.

Q--And if they can get more on from Toronto, or between Toronto and Ottawa, their contribution to that cost would be reduced ? A--The total cost per annum, their contribution would be the same, but the cost per horsepower on account of the larger number of horsepower would be less.

THE CHAIRMAN: I have a letter here from Mr. R.R.Hall, Peterboro, in which he asks a number of questions. I think we shall have to pass it on to you, Mr. Daly.

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